

Opposition Mounts To Marcos; Inquiry Is Urged on Killing

Compiled by Our Staff From *Dispatches*

MANILA — Internal opposition to President Ferdinand E. Marcos increased Tuesday despite an official denial that he had been involved in the assassination of his main political rival Sunday.

Salvador F. Laurel, president of a 12-party opposition alliance, urged the government to explain the "mysterious circumstances surrounding the killing of Benigno S. Aquino Jr. He demanded an independent investigation of the slaying.

Authorities have said the Mr. Aquino was killed by an unidentified gunman as he was being escorted by security men from a plane that had brought him home from three years of self-imposed exile in the United States.

But Mr. Laurel said many Filipinos were asking questions about the assassination. "It is premature to say at this time that there was no military involvement in the killing," said in a speech to the National Assembly.

Defense Minister Juan Ponce Enrile, also a member of the assembly, denied that the armed forces had been involved. Mr. Marcos made the same denial in a television appearance Monday night. The president charged that subversives seeking to discredit and undermine the government had hired a "professional killer" to slay Mr. Aquino.

A government spokesman said Mr. Marcos's remarks amounted to an outright denial of Japanese newspaper reports that Mr. Aquino had been shot by guards. The president expressed shock at the killing and asked for calm.

A Japanese free-lance journalist, Kiyoko Wakamiya, in his account of the slaying, said uniformed agents had removed Mr. Aquino from the plane. As Mr. Aquino descended, he said, "The two officers suddenly pulled out small handguns. Then, when they touched the ground and walked a few steps, there was bang, bang."

Mr. Wakamiya, who was on the plane with Mr. Aquino, made the statements in a news conference Monday. The newspaper *Asahi Shimbun*, reporting on the news conference, quoted Mr. Wakamiya as having said that he did not see the slaying. "I saw the officers draw their pistols and heard the crack of two gunshots. I didn't see who fired the shots at that moment," he was quoted as having said.

The 37-year-old reporter said, however, that he saw the man the government named as the assassin

got out of a nearby vehicle after Mr. Aquino's slaying.

After describing the shooting, Mr. Walskington said: "Then, this man came out from this vehicle and that same guy who shot Mr. Aquino fired a few shots at this man."

The man pointed to as the assassin by the government has not been identified.

The government said that the alleged assassin had been between 30 and 35 years old and 5 feet 7 inches tall (1.7 meters) and had held a .38 Smith and Wesson .35-caliber Magnum revolver with five bullets remaining in its six-bullet chamber.

Government officials said Tuesday that they had found the nickname "Rolly" embroidered on his underwear.

The nickname on the man's underwear matched the "R" engraved on a ring the man was wearing, the official Philippine News Agency quoted a military spokesman as saying. Still, Rolly is a nickname common among Filipinos named Rolando.

Despite Mr. Marcos's official denials, analysts said the affair had put him on the defensive and deepened public disenchantment with his 18-year-old government.

Critics of the president said that even if his government had no hand in the murder, he would certainly benefit by Mr. Aquino's absence during National Assembly elections next May.

Mr. Aquino had hoped that Mr. Marcos would provide a focus for united efforts to break the domination of Mr. Marcos's ruling New Society Movement.

Condemnation of Mr. Aquino's killing continued to pour in from around the world as more mourners, estimated by family members at more than 22,000, filed past the opposition leader's body in a casket at his suburban home.

Mr. Aquino's brother, Butz Aquino, standing on a platform, appealed to the mourners that a "massive procession" was planned for Thursday.

Britain was the latest country to join international condemnation of the assassination, but official sources in London said the government had no evidence to implicate Mr. Marcos.

The Soviet press carried its first detailed reports of the affair, but it avoided all criticism of the Philippine government and indicated disapproval of Mr. Aquino.

In the United States, President Ronald Reagan's deputy press secretary, Larry M. Speakes, said the administration wanted an "objective and thorough" investigation of the assassination.



Salvador H. Laurel, a leader of opponents of President Ferdinand E. Marcos in Manila, urged in a speech to the National Assembly Tuesday that an independent investigation be made into Sunday's killing of Benigno S. Aquino Jr.

Aquino Believed Threats Were a Ruse, Friends Say

By Fox Butterfield
New York Times Service

BOSTON—Benigno S. Aquino Jr. returned to Manila despite three warnings by the Philippine government that there would be plots to kill him, because he believed the threats were only a ruse to trap him from going back after three years of self-exile in the United States, according to friends and relatives.

Mr. Aquino's widow, Corazon, said Monday that the first warning had come from President Ferdinand E. Marcos's wife, Imelda, when Mr. Aquino met with her in New York in May. The warnings were repeated in July and in early August by a deputy foreign minister and again by the secretary of defense, Juan Pardo Macoleta, a former senator and Mr. Aquino's lawyer.

The defense minister, Juan Pardo Enrile, said in a telegram to Mr. Aquino, "We are convinced beyond reasonable doubt that there are plots against your life upon your arrival in the Philippines."

Mr. Macoleta said that, although he and the Aquino family had not received any information from the government about the killing, they had noted a number of suspicious circumstances in the official version of events. According to the government, Mr. Aquino, the Philippine opposition leader, was shot in the back of the head by an un-

identified assassin as guards escorted him off a flight from Taiwan.

"We can't charge the government with responsibility directly, but we have been thinking about filing a case for official negligence," he said.

Among the questionable points, he said, are these:

- How did the assassin know which flight Mr. Aquino was on and know to wait for him on the runway beside the plane? Mr. Aquino had announced only that he was returning Sunday and had not specified that he was coming on a China Airlines flight. The three guards took Mr. Aquino down the steps to the runway and not into the airport.
- How could Mr. Aquino have been shot in the back of the head when television film shows him leaving the plane with two guards directly behind him and one in front?
- Mr. Maceda had warned Mr. Aquino not to get off the plane if the guards who arrested him were not senior officers. When Mr. Aquino was detained at the start of martial law in 1972, a colonel arrested him. "But the guards on the plane were only three sergeants," Mr. Maceda said.

On July 20 the consulate in New York passed a message to Mr. Maceda from Deputy Foreign Minister Carlos Palacios, saying that Aquino should delay his return by 30 days.



Two daughters of Benigno S. Aquino Jr. — Kristina, 12, and Maria Elena, 27, — waited at Boston's Logan Airport on Tuesday before leaving with their mother for Manila.

30 Executed in Beijing In Crackdown on Crime

BEIJING — The authorities executed 30 murderers and rapists Tuesday after a public rally to emphasize a crackdown on violent crime, Chinese sources reported.

The 29 men and one woman had been condemned to death by the Supreme People's Court. Immediately after the rally they were taken to the city's execution grounds and shot. Execution in China is usually administered by a single shot through the back of the head.

The usual practice is to parade the condemned before a crowd for criticism before execution.

Buses and trucks brought an estimated 100,000 people to the Beijing Workers' Stadium to hear Mayor Chen Xitong's speech on preserving public order, the sources said.

Witnesses said they saw photographs of 15 criminals who had been executed recently on display outside a court building along with pictures of those shot Tuesday.

They said the convicts ranged in

The minimum age at which the death sentence may be passed is 18. However, Yu Shouting, vice president of the University of Political Science and Law, said recently that if the crime was serious enough, a juvenile could be given a capital sentence that could be carried out when he or she reached 18.

Police launched their campaign after violent crime in Beijing reportedly started to increase dramatically. Chinese sources said that women were becoming increasingly subject to attack by rapists and that armed robbery and murder were also growing more frequent.

Similar crackdowns have been started in other cities. In nearby Tangshan, the authorities recently rounded up more than 100 people suspected of violent crimes.

Chinese sources said that thousands of petty criminals had been arrested and were likely to be sentenced to hard labor.

U.S. Calls Back AWACS Planes From Chad War

By Bernard Gwertzman
New York Times Service

WASHINGTON — The United States announced Tuesday that the two AWACS electronic surveillance planes and eight F-15 fighter escorts sent to bolster Chad against Libyan-backed rebels were being withdrawn from the area because they are no longer needed.

Alan D. Romberg, a State Department spokesman, said that the planes and their 600 support personnel had not been in action during their two weeks in Sudan, which borders on Chad, and that the Airborne Warning and Control System planes had carried out only one training flight.

"Our assessment of the current situation is that, for the immediate future, we need not keep our air

U.S. Debates

Sale to Libya

Mr. Romberg said. "After consultations with concerned governments, the United States has therefore decided to begin redeploying its AWACS planes and personnel to the United States."

The AWACS planes were sent to the region Aug. 7, when Libyan planes were bombing Faya-Largeau in northern Chad and Chadian forces loyal to President Hissene Habré were trying to hold off the rebels. The United States, U.S. officials said the AWACS planes were being sent in consultation with France in the ex-

peccation that France would send fighter planes based in Gabon and the Central African Republic to aid forces defending Faya-Largeau.

But the French did not send fighter planes to Chad until two days ago, two weeks after Faya-Largeau had fallen to the rebels.

At the time, Chadian leader, former president, Goukouni Oueddei, said:

By that time, Libyan and Goukouni forces controlled northern Chad. Moreover, the French said that the eight fighter planes now in the capital, Ndjamena, were there to defend the more than 1,000 French troops helping the Habré

A senior State Department official said that given the French decision not to support an offensive against Faya-Largeau at this time and the apparent military stalemate, there was no pressing military reason for the AWACS planes.

The White House still is unhappy with the statements attributed to President François Mitterrand of France in the newspaper *Le Monde* last week that the United States was pressing him to get involved and had sent the AWACS planes without informing him in advance. The Russian administration said that the AWACS planes were sent only after close consultations with the French.

Mr. Romberg said that the speed with which the AWACS planes were introduced into Sudan showed that "appropriate assets can be rapidly moved to the area should the situation warrant."

"We believe the deployment clearly demonstrated U.S. concern over the events in Chad," he said. It also demonstrated "the ability of the United States to respond quickly and appropriately when circumstances require it," he said.

The United States has authorized \$25 million in emergency military aid to Chad, of which \$10 million already has been spent. A five-person Pentagon team arrived in Chad on Tuesday to make a survey of the country's needs, the

Defense Department said. (Continued on Page 2, Col. 5)



A policeman fires tear gas at a crowd in Karachi during anti-government demonstrations

4 More Deaths Reported in Pakistan; Zia Denounces Foes as Unpatriotic

KARACHI, Pakistan — Four more persons died Tuesday as anti-government crowds looted official buildings for the 10th straight day in the Pakistani province of Sind, opposition sources said.

About 45 prisoners escaped as thousands of demonstrators raided a jail in Qambar, near Larkana in central Sindh, after setting nine official buildings on fire and looting a government armory.

Three persons were killed in a sandhook, in northern Sind, when police fired at a crowd setting fire to courts, railroad buildings and tanks, wounding about 50 people, the sources said. Another person died in a village near Ranipur, where seven persons were killed Monday in rioting against President Mohammed Zia ul-Haq's military regime.

General Zia, speaking at the opening of a hospital in Karachi on Tuesday, called the leaders of the protests unpatriotic and un-Islamic and deplored the violence, which

Officials say has claimed 18 lives. The opposition Movement for the Restoration of Democracy says the death toll is more than 60.

Although General Zia said the situation was under control, violent protests were reported up and down the Indus River valley. Opposition sources said there were center strikes in several places and clashes in at least five towns and in Karachi.

They said that in Rawalpindi police raided homes Tuesday to round up suspects and about 200 people had been arrested since Monday's demonstration, which involved up to 20,000 people.

General Zia warned the population to be on guard against "elements who have no love for Islam and the country." The president, who on Aug. 12 announced a switch to a presidential system of government and promised elections by March 1985, said the banned political parties were not subject to government.

More than 15,000 people turned out to clap and cheer the general on his arrival by helicopter for the ceremony. Officials said he had chosen not to travel by car because of monsoon damage to neighboring streets.

Elsewhere in Karachi, more than 200 lawyers marched and chanted slogans against the regime to protest the president's attendance at a Sind High Court Bar Association dinner. Carrying banners and placards, they demanded an end to his martial-law rule, which began in July 1977, when he overthrew Prime Minister Zulfikar Ali Bhutto, who was subsequently executed.

The lawyers, who plan to join a national lawyers' strike Wednesday, accused the government of covering up the extent of the protests in Sind province.

Six more students were arrested in Hyderabad, a student leader said, and authorities there announced that schools would be closed Wednesday and Thursday.

Mexico No Longer Panicky on Economy, but 'la Crisis' Continues

By Richard J. Meislin
New York Times Senior

MEXICO CITY — The panic that attended Mexico's tumble into its second year of recession vanished, replaced by austerity, debt renegotiations, cautious hope and a vigorous debate over the country's future.

What Mexico is living through now is known here simply as *la crisis*, a disreputable amalgam of economic difficulties and the social hardships they have spawned, as omnipresent and grudgingly tolerated as this city's gray-brown air.

Government figures show a marked improvement in some public financial indicators and a halt in the decay of others. But economists here agree that a matching improvement in the private sector of Mexico's economy is some time off.

The balance-of-payments deficit has been converted into a healthy surplus. The federal deficit for the first six months of 1983 was in the range of \$2.6 billion, well within the \$7.8 billion target for the whole year. And although prices increased 48 percent from Jan. 1 through July 31, that represents a rate of inflation that is a bit better than the 100 percent the country endured in 1982.

At the same time, however, the private sector continues to falter badly. An estimated one million people have lost their jobs in the last year.

Even those who are working



AP
Miguel de la Madrid Hurtado, president of Mexico

Some of this business is attributable to tourists, who have flocked here since the sharp devaluations of the peso.

In the first four months of this year, tourism was up 24 percent from the level of a year earlier, according to the Bank of Mexico. Thus tourism is one of Mexico's few growth industries.

But many of those thronging the restaurants and theaters are Mexican. Amid Mexico's inflation, the dentist explained, everybody spends every centavo they get, some because they must to meet basic necessities, others because the peso is worth less every day. The peso has fallen to 150 to the dollar; 18 months ago it was 26 to the dollar.

Not only are there incentives to spend, but saving is also discouraged, because of fear of further devaluation, despite government assurances, and interest rates on time deposits in excess of 55 percent a year.

While gloom over the economy is commonplace, the administration of President Miguel de la Madrid Hurtado, which took office last December, has impressed the international banking community with its determination to bring the country's finances under control.

Mr. de la Madrid has also been careful to play down the government's successes at home, to avoid creating false expectations. He takes credit, at every opportunity, for having halted "the worst as-

pects" of the crisis, but he cautions that more austerity lies ahead.

Ernest Stern, a vice president of the World Bank, said during a visit to Mexico City: "It is fair to say that at the very least the people and government of Mexico have managed their crisis as well as filled the whole world with admiration."

His comments, modified by a warning that the crisis is far from over, are typical of those from the financial community.

It is a far cry from what bankers were saying a year ago when Mexico found itself short of money to make payments on its enormous foreign debt. The country is to roll over about \$20 billion of that debt this week, a sharp reminder that it will be a long time before it is out of its financial hole.

From the end of World War II until the economic crisis emerged, Mexico's economy had registered an average growth rate of 6 percent a year, 8 percent a year in the latest four years, when it began exploiting its newly found oil reserves.

This year the economy is expected to decline from 2 percent to 5 percent, according to the Inter-American Development Bank. It could be another year or more before substantial growth begins again.

The challenge for the administration, economists say, is to rebuild enough confidence to encourage investment in Mexico. That is not likely to be easy.

Domestic industry, still reeling from currency devaluations, is trying to find ways of paying off old debts and to avoid contracting new ones.

While the country's secretary of commerce and industrial develop-

(Continued on Page 2, Col. 4)

INSIDE

- **Angolan rebels** have made military gains that are seen as reinforcing South Africa's position on Namibia. Page 5.
- **Dependence on computers** carries the risk of errors and sabotage. Insights, Page 8.
- **President Reagan** has again attacked the anti-nuclear movement, suggesting it could threaten peace. Page 2.
- **A U.S. debate** over East-West trade draws active West European involvement. Page 3.

SPECIAL REPORT

- **Costa Rica**, surrounded by regional violence, adheres to neutrality as it works to repay its foreign debt. Page 6S.

BUSINESS/FINANCE

- **Mitsubishi Bank** agrees to buy the Bank of California for about \$269 million. Page 11.
- **U.S. consumer prices** rose 0.4 percent in July. Page 11.

Sweden Has Plan to End Madrid Talks

Compromise Is Designed To Ease Malta's Demand

MADRID — Sweden will present a compromise Thursday to break a deadlock at the Conference on Security and Cooperation in Europe and pave the way for a major East-West gathering of foreign ministers, diplomatic sources said Tuesday.

The 35-nation foreign ministers' meeting, which would bring together Andrei A. Gromyko of the Soviet Union and U.S. Secretary of State George P. Shultz, can only go ahead as planned Sept. 7-9 if the impasse is resolved by Thursday.

That is the deadline Spain set for making arrangements for the foreign ministers to preside over the formal closing of the conference, a three-year review of the 1975 Helsinki security and cooperation accords.

Malta has held up the end of the conference since mid-July to press its demand for a separate meeting on Mediterranean security, a plan rejected by East and West as impractical.

The diplomatic sources said Sweden had drafted a statement designed to "give the Maltese some measure of satisfaction but not everything they have asked for."

Sweden has worked with other neutral and nonaligned nations at the conference, including Malta, the sources said.

Romania, Greece, Finland and other nations have at the same time exerted pressure on Malta to soften its stand and that had produced some encouraging signs, the sources added. But they did not expect Malta to make its intentions clear until Thursday's plenary session, which will mark the full resumption of work after a summer lull.

Malta has held up proceedings at Madrid by exploiting the rule of consensus on which the Helsinki accords are based, refusing to endorse a concluding document.

The 34 other nations have agreed to a document that contains new human rights provisions and calls for a series of follow-up meetings, including European disarmament talks that are scheduled to begin in Stockholm in January.

Former Captain in SS Kills Himself in Prison

BONN — A former SS captain, accused of complicity in the killings of French Jews during World War II, killed himself with poison two months before his trial was to begin, a spokesman said Tuesday.

Richard-Wilhelm Feise, 74, one of four defendants charged with helping deport 73,000 Jews from Nazi-occupied France, died Friday in Lohmar near Cologne, the spokesman said. Mr. Feise left behind a letter saying that he had acted on orders in France and that he was unaware of the fate of deported Jews until after the war was over, the spokesman added.

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SLAIN LEADER REMEMBERED — A woman in East Beirut walked past portraits of Bashir Gemayel on Tuesday, the first anniversary of his election as president. He was killed by a bomb last September before taking office; his brother, Amin, is now president.

U.S. Wants Probe of Aquino Killing, But Refuses to Link It to Reagan Trip

United Press International

WASHINGTON — The State Department said Tuesday it expected an objective probe of the murder of the Philippine opposition leader, Benigno S. Aquino Jr., but a spokesman refused to link President Ronald Reagan's planned visit to Manila in November to the outcome of the investigation.

"We reiterate this probe is handled by the Philippine government," said the spokesman, Alan D. Romberg. "We're looking for a thorough and objective investigation."

He would not discuss a statement by Mr. Reagan, who said Monday that he would consult with the State Department regarding his visit to the Philippines.

It was understood that if the government of President Ferdinand E. Marcos is implicated in the assassination of a major political foe, of if there is an inefficient investigation of the murder, the Reagan trip could be canceled. Mr. Reagan planned to stay only a few hours in Manila during a trip that includes longer visits to Japan, South Korea, Thailand and Indonesia.

U.S. Presses for Probe

Earlier, The Washington Post reported from Los Angeles:

Asked about his visit as he left a doctor's appointment, during which he had his hearing examined, Mr. Reagan suggested that the stopover in Manila was not a foreign excursion.

"Well, I haven't had an opportunity to talk with or know the details of this, or talk with the State Department," he said. "But I'm sure we'll be making a decision on this soon." Asked whether he was worried about making such a trip, Mr. Reagan replied, "No."

Another official characterized the statement issued by the White House after the assassination Sunday as "unusually strong" and said it was partly an attempt to spur the Marcos regime into investigating.

"We've got the heat turned up," the official said.

The officials said the decision on whether Mr. Reagan should make the trip would be reached after the investigation is under way and the impact of the murder on the Philippines is clear.

While the president seemed to leave open the possibility of canceling the trip, the White House

spokesman, Larry M. Speakes, insisted that it still was scheduled.

An informed administration official, however, said that while the trip was still scheduled, "no one would hesitate to reconsider" if the situation deteriorated in the weeks ahead.

Mr. Speakes said Monday that Mr. Reagan would not go to the Philippines if his physical security would be endangered. "We would not put the president in a situation where we had any reservations about his security," he said.

Mr. Speakes said there was no direct link between the investigation into the killing and whether Mr. Reagan visits the Philippines. But he said, "We trust the government of the Philippines will swiftly track down the perpetrators of this political assassination and bring them to justice and punish them."

Asked whether the United States would support an outside investigation into the murder, Mr. Speakes said, "It's being handled by the Philippine government."

One administration official said there would be "enough time" in the weeks ahead for the United States to determine if a "thorough and fair" investigation is being made.

Aquino Got 3 Warnings

(Continued from Page 1)

would order his death, Mr. Maceda said.

But he believed "some crazy hot-headed bodyguard who sits in on meetings in the Presidential Palace where Marcos ranted about Aquino might take it on himself to act," Mr. Maceda said.

Widow Pledges Struggle

Mrs. Aquino left Boston by air for Manila on Tuesday to arrange for her husband's funeral, Reuters reported.

In an interview just before take-off, Mrs. Aquino said she would carry on her husband's fight to end President Marcos's 11-year rule. "Maybe not to the extent that my husband did, but we will continue to support the opposition in their bid to return democracy to the Philippines," she said.

Mrs. Aquino said she was not worried about her safety or that of her five children, who left with her. The Aquinos' passport had expired and they needed special authorization to re-enter the Philippines.

Mexico Copes With Crisis

(Continued from Page 1)

ment, Hector Hernandez Cervantes, has made several encouraging statements in recent months promising new flexibility to foreign companies, most of them would like to see changes in Mexico's strict foreign investment laws before they make any major commitments.

That seems unlikely at the moment. Every speech made by Mr. Hernandez about encouraging foreign investment stirs an outcry, even from some members of his own party, the ruling Institutional Revolutionary Party.

These critics feel that foreign investment would compromise Mexico's economic sovereignty. The best hope, some economists say, is for the government to find a way to repatriate some of the capital that has fled Mexico in recent years.

So far, wariness appears to outweigh nationalism in this regard.

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Reagan Again Criticizes Anti-Nuclear Campaign, Calls It a Threat to Peace

Reuters

SEATTLE — President Ronald Reagan renewed his attack on Wednesday on the anti-nuclear movement, suggesting that its policies could hinder the defense of freedom and bring about a third world war.

Mr. Reagan likened the movement's demonstrations to the policies of Neville Chamberlain, the late British prime minister. Mr. Chamberlain's name became a synonym for appeasement because of his signing of the Munich agreement with Hitler in 1938, a year before World War II broke out.

Mr. Reagan said in remarks prepared for delivery at the annual convention of the American Legion that peace was an objective and not a policy and that "those who fail to understand this do so at their peril."

"Neville Chamberlain thought of peace as a vague policy in the '30s and the result brought us closer to World War II," he said.

"Today's so-called peace movement, for all its modern hype and theatrics, makes the same mistake. They would wage peace by weakening the free. That just doesn't make sense."

"I'd be at the head of the parade if I thought it would really serve the cause of peace," he declared.

Mr. Reagan has defended the current U.S. military buildup as a deterrent to aggression by the Soviet Union and as a method of compelling Moscow to negotiate arms control agreements.

He said he does not want to deploy the MX missile for use as a first-strike weapon in a surprise attack on the Soviet Union.

"Our country has never started a war and we have never sought out war. We have developed a strategic first-strike capability," he said. "Our sole objective is deterrence."

"In any case there is no way that the MX, even with the remaining Minuteman [missile] force, could knock out the entire Soviet intercontinental ballistic missile force," he said.

Mr. Reagan said that "some progress" had been made in Strategic Arms Reduction Talks with the Soviet Union. But "we will not, we cannot accept anything that would be detrimental to our security," he said, adding, "Let's not kid ourselves, there are lots of ambiguities and we are still a long way from an agreement."

In commenting on the war in Chad, Mr. Reagan said the Libyan leader, Colonel Moammar Qadhafi, was guilty of "naked, external aggression" by backing rebels there.

Foreign Minister Hans-Dietrich Genscher of West Germany urged the Soviet Union on Tuesday to

drop its insistence on including British and French nuclear arsenals in disarmament talks with the United States, Reuters reported from Bonn.

In radio and newspaper interviews, Mr. Genscher said the Soviet Union held the key to agreement at the Geneva talks on reducing medium-range nuclear missiles in Europe.

In Munich, meanwhile, Infratest, a polling agency, said Tuesday that the U.S. Information Agency, a part of the State Department, had commissioned it to conduct an opinion survey in West Germany to assess the Bonn government's ability to carry out the deployment of new U.S. missiles if disarmament talks in Geneva fail.

A spokesman declined to say what questions were being asked. But Stern, the West German news magazine, said people were being asked to estimate the likelihood of Pershing-2 and cruise missiles being stationed in West Germany this year if the United States and the Soviet Union fail to reach agreement.

In 16 previous flight tests of the Pershing-2, which is to be deployed with nuclear warheads in West Germany beginning in December, the missile exploded twice, failed to operate properly two other times and badly missed its target in a fifth test.

Another test failure, so close to its planned initial deployment, could create political as well as technical problems for the missile, the sources said Monday. They said any delay in deployment would give West European opponents of the medium-range nuclear weapon more time to try to block it.

Moreover, the test will come just as the final round of U.S.-Soviet talks on limiting intermediate-range nuclear weapons is scheduled to begin in Geneva.

The next Pershing-2 to be tested, like the one that failed last month, has been subjected by the army to several months of field tests, in which troops at Fort Sill, Oklahoma, moved it around and practiced countdowns without firing the missile.

One source said the army wants to "check the motors over very carefully" to determine if the "jiggling and vibrations in the field" have had any effect on them.

X-ray examination has, "not been done before" in the Pershing-2 program, the source said, but failures in three of the last four test shots have made the army and the missile contractor, Martin-Marietta Co., especially cautious in preparing what was to be the next-to-the-last flight test of the missile.

Last month's failure was blamed by the army on a cast-iron ring that was out of position, permitting pressure to blow open a circular plate and destroy the \$2-million missile. An army spokesman said Monday that it was not known why the ring was out of position in that test.

The new delay will prevent completion of the Pershing-2 test flights this month. Originally, the tests were to have been completed in May.

One source said that both the army and the manufacturer "had been talking about doing even more development testing," and "if we lose one of the next two, would certainly do more testing."

Earlier this month, the army's undersecretary, James R. Ambrose, speaking of the problems with the Pershing-2, said that "we will not deploy this kind of weapon" until the probability of its success under combat conditions is 80 percent to 90 percent.

Last week, however, Defense Secretary Caspar W. Weinberger said that deployment would begin as planned in December despite the testing problems.

Under a 1979 agreement among the North Atlantic Treaty Organization allies, the first nine Pershing-2 missiles are to be deployed in West Germany while 16 ground-launched cruise missiles are scheduled to be deployed in Britain in December. Another 16 cruise missiles are to be put in Italy at the same time, although some military sources have said their base in Sicily may not be ready by December.

Despite the test problems, the first five Pershing-2 production models already have been delivered to the army, a spokesman said Monday. The missile is being tested and produced concurrently to meet the deployment deadline.

WORLD BRIEFS

2 U.S. Planes Waited for Rios Montt

GUATEMALA CITY (UPI) — Two U.S. Navy planes landed at Guatemala's international airport during the Aug. 8 coup led by General Oscar Mejia Victores, according to airport sources whose account was confirmed by a navy statement released in Washington.

The Navy said two C-1A Trader aircraft were waiting at the airport to take General Efraim Rios Montt, the ousted president, to visit the USS Ranger, an aircraft carrier on maneuvers in Central America. "When news of the reported coup was received by the aircraft commanders, they departed Guatemala with no one other than U.S. military personnel on board," the statement said.

A U.S. Embassy official said Monday that the arrival of the two planes was not related to the coup, which occurred two days after General Mejia Victores, then Guatemala's defense minister, met with his counterparts from Honduras and El Salvador aboard the carrier. General Rios Montt has not been seen in public since the coup and is reported to be in seclusion at his home.

Party Invites Isabel Peron to Return

BUENOS AIRES (AP) — The Peronist Party has invited former President Isabel Peron to return from her self-exile in Spain to preside over the party congress beginning next month.

Definitely Bittel, first vice president of the party, issued the text of the invitation Monday. He said the request was made to Mrs. Peron in a letter mailed Saturday. The party congress, scheduled for Sept. 3-4, is to choose the Peronist candidates for president and vice president in the elections scheduled for Oct. 30.

Mrs. Peron, as vice president, became Argentina's chief executive after the death of her husband, Juan Peron, in 1974. She was deposed by the military in 1976 and spent more than five years in detention. She has lived in Madrid since 1981.

U.S. Invites Observers to Arms Site

GENEVA (NYT) — The United States invited the delegates at the 40-nation disarmament conference on Tuesday to witness the operation of the facilities for the destruction of chemical weapons at Tooele, Utah, in November.

The purpose of the invitation was to "help accelerate the negotiations" at the conference on a projected treaty banning chemical weapons, Morris D. Busby, the U.S. representative, said.

Although the conference has been addressing the issue of a chemical weapons ban for more than 10 years, no agreements on any of the major issues involved have yet been recorded. When extending the invitation to visit Tooele, Mr. Busby stressed the need to "find a common approach to verification of the destruction of chemical weapons stockpiles."

U.S. Protests Greek Arms Proposal

ATHENS (NYT) — Western diplomatic sources confirmed Tuesday that Washington protested to Greece over its recent proposal that the European Community support a six-month postponement in the deployment of U.S. missiles in Europe. A Greek government spokesman also confirmed U.S. intervention in the issue, but said a formal protest was not lodged.

The diplomatic sources said that Richard R. Burt, assistant secretary of state for European affairs, first raised the issue last week with the Greek ambassador to Washington, Nicholas Karandinos. The Greek spokesman also said that Alan Berlind, the U.S. chargé d'affaires in Athens, visited Prime Minister Andreas Papandreu.

The spokesman said Mr. Papandreu explained that a six-month postponement would allow more time for a breakthrough in the Geneva arms talks.



President Samuel K. Doe of Liberia and Prime Minister Menachem Begin of Israel after their meeting Tuesday.

Liberian Leader Holds Talks in Israel

JERUSALEM (AP) — President Samuel K. Doe of Liberia discussed Libyan actions in black Africa with Israeli leaders Tuesday and pledged to help Israel return to Africa after a decade-long diplomatic boycott.

Mr. Doe, the first African leader to make a state visit to Israel in nearly 12 years, also made a strong statement of support for Israel's Middle East policies and appealed to Palestinians to negotiate with Israel. He was to attend a state banquet after holding talks with Prime Minister Menachem Begin and Foreign Minister Yitzhak Shamir aimed at launching Israeli aid projects in Liberia.

More than 30 African countries severed ties with Israel in the early 1970s. Zaire was the first to renew ties, and this month Liberia followed. Israel is looking to Togo, the Ivory Coast and the Central African Republic to join the process.

Maputo Rebels Said to Slay 2 Russians

LISBON (UPI) — Mozambican rebels have killed two Soviet mining technicians and taken 24 others hostage in an attack on a gem mine in the central province of Zambezia, Portuguese radio reported Tuesday.

The radio, citing Soviet Embassy sources in Maputo, the capital of Mozambique, said the attack took place Sunday at the Morrua mines. The broadcast said "a large number" of civilians and militiamen were killed in the attack, which it attributed to the South African-backed Mozambican National Resistance.

The radio quoted its sources as saying the mine was staffed by many foreign geologists but "especially from European socialist countries." It said the rebels had killed two Soviet technicians and disappeared into the savanna with 24 Soviet hostages.

Texas Senator Will Not Run in '84

AUSTIN, Texas (AP) — Senator John G. Tower, the Republican chairman of the Armed Services Committee, announced Tuesday that he would not seek re-election next year.

White House sources said Senator Tower had informed President Ronald Reagan of the decision 10 days ago. Several polls in Texas in recent weeks showed that Senator Tower would have faced an uphill battle for re-election, especially if he were engaged in a rematch with a former Democratic representative, Robert Krueger, his 1978 opponent, whom he narrowly defeated.

Although the announcement caught many in Washington by surprise, a Senate Republican source said Senator Tower had indicated for some time that he wanted to be free to do something else. One rumor indicated that he might become defense secretary in another Reagan term.

Shagari Party Wins Senate Majority

LAGOS (AP) — With almost all districts reporting, Nigeria's National Party swept to a clear majority in the federal senate, winning 53 seats, Nigeria Television reported Tuesday night. The party fell short of its goal for a two-thirds majority in the 96-seat body.

The National Party, led by President Shagari, won 13 of 19 state governorships in successive general elections earlier this month, and outstripped its principal rivals, the Unity Party and Nigerian People's Party, both of which had gained 12 senate seats in voting Saturday.

Two lesser opposition parties had picked up a total of six seats, according to returns from 83 districts reported by Nigeria Television.

For the Record

BUCHAREST (AP) — Vice President George Bush of the United States will visit Romania next month at the invitation of the Romanian government, the official news agency Agerpres reported Tuesday.

CAIRO (AP) — Energy Minister Yitzhak Mordechai of Israel met here Tuesday with Ahmed Hilal, deputy prime minister and oil minister, of the official Middle East News Agency reported.

TRIPOLI, Libya (UPI) — Foreign Minister Ali Akbar Velayati of Iran arrived in Libya for an official visit Tuesday amid signs of strains in Iran's earlier close relations with Colonel Moammar Qadhafi, diplomatic sources said.

U.S. Military Debates New Kind of Arms

Computerized Weapons Seen as Altering Warfare

By Richard Halloran
New York Times Service

WASHINGTON — A debate is raging in the secluded meeting rooms of the Pentagon over how deeply the United States should commit itself, in the 1985 budget and thereafter, to developing new, highly computerized weapons systems.

Advocates, Defense Secretary Caspar W. Weinberger among them, say the systems could revolutionize conventional warfare by the year 2000 and could lessen the likelihood of nuclear war by dramatically increasing the United States' ability to win a war without using nuclear weapons.

But other military and civilian officials fear that such complex weaponry would not be reliable and that radical changes in tactical planning and organization would weaken the military.

The weapons systems would link advanced electronic, acoustic, optical and other sensors with computers of enormous capacity and, ultimately, with precise munitions such as missiles with homing devices that are as accurate as one shot will be as destructive as 10 now.

In a series of recent interviews, one advocate said high technology "would make the tank obsolete within 10 years." Another said, "to warship will be able to survive on the surface of the sea." A third said tactical enemy aircraft would be effective only if they fired at their targets from far off.

But opposition to high technology in weapons is formidable. Many military officers and senior civilian officials are skeptical of a great technical leap forward; they fear it will leave them with weapons that will not work.

They also say high technology weapons will require the armed forces to reorganize, to work out radically new tactics and redefine the missions of each service.

Weapons manufacturers and congressmen in whose districts those weapons are produced talk about the large new investments that will be needed, the consequent dislocations to the economy and potential losses or at least shifts of jobs.

Many West Germans and other West Europeans fear high technology arms will make Europe a more lethal battlefield should war with the Soviet Union occur. Peace activists say that high technology would stir the Soviet Union to a faster pace in the arms race.

The advocates of high technology in arms are led by Richard D. DeLauer, undersecretary of defense for research and engineering; James P. Wade Jr., Mr. DeLauer's principal deputy; and Robert S. Cooper, director of the Defense Advanced Research Project Agency.

Mr. Weinberger has generally supported high technology and has argued for it in meetings of the North Atlantic Treaty Organization and other military forums. Some military leaders, notably U.S. General Bernard W. Rogers, the commander of NATO forces in Europe, have become converts.

Those advocates argue that high technology arms would make a smaller force more effective and offset the firepower of a heavily armed enemy. While costs are likely to be more expensive than current systems, they say, high technology will be cheaper in the long run because less of everything will be needed.

The immediate struggle over high technology is being fought in the Defense Resources Board, the Pentagon's executive committee, which is shaping the military budget for the fiscal year 1985. The outcome will be unclear until January, when the budget goes to Congress.

Even then, the argument over high technology will have only begun. Advocates and opponents alike say it will take several years, perhaps to the end of the decade, before the extent to which the armed forces will adapt to high technology will be evident.

Advocates of high technology say the principles and much of the actual technology needed for advanced sensors, powerful computers and precise munitions is either available today or could be developed in this decade.

They offer, as an example, the Aegis system, which is aboard one Navy cruiser, the USS Ticonderoga. That system was designed to track several hundred enemy aircraft or cruise missiles, to feed data into a computer and let the computer select, aim and fire the right gun or missile at each threat.

Advocates of high technology say their vision extends well beyond that. They say radar and infrared sensors will pinpoint tanks, guns and headquarters; intelligence from listening devices will not only be able to assess communications but will also pick out the command tank in a formation of hundreds of tanks.

They contend that small, remotely piloted aircraft with optical devices will be able to fly to a particular intersection in a city and transmit a picture of troops there. Israel used such planes in Beirut, according to press, technical and diplomatic reports from Tel Aviv.

Precise munitions, the proponents say, will include missiles that pick the commander's tank out of a formation or drop bombs on individual pieces of artillery or tanks, rather than blanket an area.

Issue of East-West Trade Restrictions Interests U.S. Allies in West Europe

By Axel Krause
International Herald Tribune

PARIS — A debate on the power of the U.S. president to restrict East-West trade, expected to begin when Congress returns to Washington in September, is drawing the active interest of West European allies.

The issue, which involves U.S. attempts to influence Soviet policies through strategic embargoes, arises in the form of amendments to the 1979 Export Administration Act, which expires Sept. 30.

The amendments, which have strong support in Congress and the U.S. business community as well as among West European allies, would ease restrictions on billions of dollars in East-West trade. They also would weaken presidential authority to impose trade sanctions against nations considered hostile to U.S. interests.

West European officials detected some movement by President Ronald Reagan in his lifting Friday of controls on the export of certain pipeline equipment to the Soviet Union, but they said Tuesday that the action did not ease their concern over what they consider the central issue.

"The major European preoccupation is with the president's authority under the Export Administration Act," a European specialist in East-West relations said.

The Reagan administration would like Congress to extend the act for at least two years. But the administration has not ruled out a veto if the amendments it opposes are passed.

Faced with those amendments, President Reagan would have to decide "whether or not he wants to keep his existing authority for national security and foreign policy reasons or wind up with a continuing fight," a senior administration official acknowledged.

In interviews on both sides of the Atlantic, opponents made clear that they were not challenging the right or need of the United States to control the flow of goods and technology with military significance to the Soviet Union and its allies. Nevertheless, concerns remain.

Prime Minister Margaret Thatcher of Britain is expected to apply pressure on the White House when she meets with Mr. Reagan in Washington in the last week of September. "She will not mince her words," an aide said recently in London.

Mrs. Thatcher, along with Chancellor Helmut Kohl of West Germany and President François Mitterrand of France, has argued hard against the "extraterritorial" application of sanctions under the act, by which companies not in the United States are affected by the U.S. embargo.

The issue was raised last year when the United States used the act to block shipments of equipment and technology to the Siberian pipeline project, affecting British as well as U.S. suppliers from Britain, West Germany, France and Italy.

Britain and France retaliated with legislation requiring the companies — even if U.S. subsidiaries — to ignore the administration's action.

"It was a total fiasco for Washington since it did not change much in Poland," a senior British official said. "But we will hit back again, defending our interests, since the last embargo hit something very fundamental to us — government."

The original trade sanction law, passed in 1949, was designed to deny the Soviet Union access to U.S. commodities and technology. Greatly expanded over the years, it now covers 18 countries, mostly communist, but also including Libya and Syria.

Congressional momentum for changing the law followed widespread complaints from U.S. and European businesses and governments as well as the European Community. In varying degrees, they have argued that present restrictions are cumbersome, costly, ineffective and harmful to U.S. business interests, particularly in Western industrial nations, and that they also are weakening the alliance.

The pipeline raised all the issues — both at home and with the allies," a U.S. diplomat said. The official said they remained unresolved "even though the president responded to the complaints of the allies."

Because of fears about the act, Britain recently tightened insurance requirements for East-West contracts involving British firms using U.S. technology, a factor some say has forced British firms to seek out other sources.

EC trade officials are considering legislation to allow EC governments to prohibit U.S. companies in the Common Market from complying with a U.S. embargo. The proposal, based on British and French actions during the pipeline controversy, "is still in the talking stage, but the threat is there," an EC official said.

U.S. and European business leaders and allied governments agreed that the existing system of licensing exports under the act should be improved, but not abolished.

The proposed amendments would require the White House to consult Congress before moving on an embargo.

Also proposed is a requirement that, if foreign suppliers were offering competing goods or technology, the administration would have six months to negotiate an agreement with those governments to comply with an embargo; if negotiations failed, the sanctions would be dropped.

Another amendment would prohibit the president from imposing sanctions in cases where contracts have been signed.

The administration has insisted that the president needs the authority to conduct foreign policy effectively. Defense Department officials insist that enactment of the proposals would greatly enhance the Soviet Union's growing drive to tap U.S. technology for its military buildup.

Yet administration spokesmen have not argued that previous embargoes have worked successfully. Privately, senior U.S. officials concede that the pipeline controversy may in fact have hurt the alliance more than the Soviet Union.

And there are signs that the administration may be easing its approach, including the recent signing of a new grain agreement with the Soviet Union and the change in policy on the pipeline equipment last week.

"We do not know what the president's bottom line is at this point," an administration official said, "and for the moment, the administration is taking the line that we want to keep existing, and strong, legislation as defined under the present act."

"A veto is possible, but this also would mean that Congress would have to start all over again, drafting a new act, and we doubt [Mr. Reagan] wants that," said a senior House member supporting the amendments.

Most allied officials, including those at the European Commission, concede their chances for success in altering the way the act is carried out are only slightly better than even.

A British official said: "Our best hope may be that the act is weakened, but most important, that when applied again, it will be done in a reasonable manner."



Lech Walesa was greeted by a supporter who gave him flowers as he left Gdansk's Lenin shipyard Tuesday.

Few Workers in Gdansk Heed Call for Slowdown

Reuters

GDANSK, Poland — A labor slowdown called by a secret committee at the Lenin shipyard in Gdansk appeared to have drawn only a negligible response Tuesday.

A shipyard spokesman said work went on normally. The shipyard, which employs 15,000 people, was the birthplace three years ago of the independent labor federation Solidarity, which is now banned.

In another development Tuesday, state television said a fugitive Solidarity leader, Wladyslaw Hardek, had turned himself in after 18 months in hiding.

On the main evening newscast, Mr. Hardek read a statement saying further underground struggle was pointless and urging a halt to actions that could cause violence.

The shipyard protest had been called to bring pressure on Polish authorities to begin talks with the Solidarity leader, Lech Walesa.

As he entered the shipyard early Tuesday, Mr. Walesa said the slowdown was going ahead. Questioned about its effectiveness as he left, he would only say, "Ask the people."

A leaflet from the clandestine organizers of the slowdown said Tuesday that the action should continue until mid-September. Initially it was to have lasted only until Aug. 31, the third anniversary of the Gdansk accords that gave rise to the Soviet bloc's first independent union.

Mr. Walesa, meanwhile, issued a statement to counter what he called a slanderous campaign against him in the official press, which has accused him of trying to harm Poland's economy in order to please President Ronald Reagan.

In an unrelated development, the government announced Tuesday that it had expelled a French woman who was allegedly caught with propaganda material meant for Ukrainian dissidents in Poland and the Soviet Union.

The official news agency PAP, which identified the woman only by the initials LZ, said security officials detained her Friday in the southern industrial city of Bytom and found the material concealed in her luggage.

Role of Jet's Computer Is Probed in Power Loss

By Douglas B. Feaver
Washington Post Service

WASHINGTON — Federal experts are investigating the possibility that a United Airlines Boeing 767 that temporarily lost power in both engines over the Rocky Mountains Friday was flying so efficiently under computer control that the engines were not running fast enough to keep themselves free of ice.

There is little question that ice caused both engines to overheat and forced the captain on United Flight 310 to turn them off while descending through a storm into Denver's Stapleton International Airport after a trip from Los Angeles, aviation sources said Monday.

The engines were restarted, and the plane, carrying 197 passengers and a crew of eight, landed without further problems.

The issue for investigators is whether the problem was a one-time occurrence because of a malfunction or whether it represents something that could happen again in the highly automated 767, one of Boeing's two new airplanes.

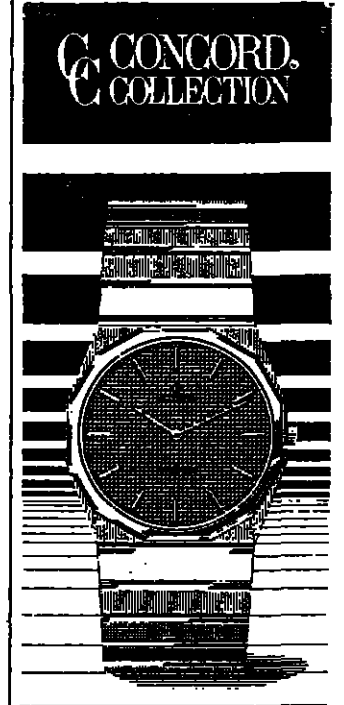
United has been flying the 767 for almost a year and has 19 of them. Fifty-six 767s had been delivered worldwide as of June 30.

The 767 is considered a "clean" airplane by aviation experts, which means that in flight it presents very little resistance to the atmosphere. That is generally desirable because it means greater fuel efficiency, a major selling point for the 767.

As a result, little power is needed to control the 767 on descent. According to sources, Flight 310's controls were being handled by computer as the plane dropped gradually from 41,000 feet (12,500 meters) to 24,000 feet.

"The question is what happens when the computer just idles back the engines," one source said. "Pretty soon you're below what you need" to keep the anti-icing equipment functioning to clear the air intakes.

The pilot, not identified by United, noticed "hot" warnings on both engines and elected to shut down



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Democratic Runoff for Governor In Mississippi Seems to Be Toss-Up

By E.R. Shipp
New York Times Service

JACKSON, Mississippi — So many Mississippians had not decided between Evelyn Gandy and Bill Allain that the runoff election Tuesday for the Democratic gubernatorial nomination appeared to be a toss-up.

Both candidates have been campaigning particularly hard for the black vote in the Delta, which is regarded by most politicians as the region that will be the key.

In the primary three weeks ago, the vote there went largely to Mike Sturdivant, a Delta businessman-farmer who finished third statewide with 20.8 percent of the vote. The rest of the vote was split almost evenly between Miss Gandy and Mr. Allain.

"The person who is able to hold his or her own and then garner the lion's share of the Delta black vote has won the election," said Leslie B. McLemore, a political science professor at Jackson State University.

John Quincy Adams, a political science professor at Mississippi College, said, "I gather there are more undecided voters now than I have ever known before. People tell me that truly they don't know what to do."

In the past few days, both candidates have eagerly sought the votes of blacks. A heavy black turnout is expected, in part because the Rev. Jesse Jackson is in the state encouraging it, and in part because the Justice Department announced

Monday that it would send 352 observers, 17 lawyers and election specialists and 11 examiners to monitor voting in 12 counties.

Mr. Jackson and local black leaders had requested monitors for 23 counties. Mr. Jackson has said that 200 black lawyers from around the country have volunteered to serve as poll watchers in those counties. He contended that the observers were not being sent where they were most needed.

As for the campaign itself, matters began to heat up Friday when Miss Gandy began running radio advertisements contending that Mr. Allain, as an assistant state attorney general from 1962 to 1975, defended the state against civil rights lawsuits brought by blacks.

Other ads have linked his slogan, "Don't Mess With Mississippi," to those used by once-racial segregationists such as George C. Wallace in Alabama and Lester Maddox in Georgia.

Miss Gandy's supporters include some of the state's most prominent black legislators. Her opponents, however, include equally prominent blacks.

Miss Gandy squeaked past Mr. Allain in the primary by capturing

38.2 percent of the 828,211 votes cast to his 35.4 percent.

The next day she branded Mr. Allain a one-issue candidate who had alienated the state Legislature. He, in turn, linked her to the "old guard" responsible for Mississippi's ranking last among the states in many categories.

Miss Gandy, 62, is a veteran of 35 years in state government and has been the first woman to hold positions that range from legislator to lieutenant governor. She is making a bid to become the state's first woman governor. Four years ago, she lost in a runoff to William Winter, who is now the governor.

Politicians say Miss Gandy's defeat in 1979 turned on gender. But that has not been made an issue by either candidate in this contest. She has emphasized her "toughness" and experience.

Mr. Allain, 55, has been the attorney general for four years. He has built a populist campaign around his success in obtaining refunds for consumers from utility companies that were overcharging and his attempt to destroy the stranglehold that "old guard" legislators have had on the executive branch in Mississippi.

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The Aquino Killing

Cancel Mr. Reagan's Visit

Who is responsible for the assassination of Benigno Aquino? To hear President Marcos of the Philippines, the brave Mr. Aquino caused his own death. Amid expressions of "shock, humility and tears," Mr. Marcos insists that his government tried its hardest to prevent the victim's return from American exile. But Mr. Aquino ignored those appeals, Mr. Marcos says, and besides, protecting a public official from a determined killer is difficult.

And this is the country that President Reagan still says he intends to visit in November. Americans know better than most people that perfect security is impossible. But this murder did not happen on the crowded streets of Manila or at an excited airport rally of thousands awaiting the return of the country's leading opposition democrat. He was shot, at point-blank range, as he was escorted from his plane by security guards.

Far from wailing his own murder, Mr. Aquino had taken every reasonable precaution to prevent it, including wearing a bulletproof vest. The timing and circumstances of his arrival were supposedly secret. If the airport is not secure in Manila, what is? If a vulnerable public figure cannot be safely escorted from a plane, who is safe?

Given what is known today, it would be reckless for Mr. Reagan to ignore the stain on the airport pavement by honoring Mr. Marcos with a visit. A 21-gun salute in November would provide a macabre echo.

Mr. Aquino understood the risks of returning to Manila, where he faced a death sentence on charges of subversion. He had been given no promises of leniency but wanted to make his own case as a democrat against a regime that derided him as a communist. In a speech that he never delivered, he spoke of reconciliation, quoted Gandhi and pleaded for restoring the freedoms suspended in 1972.

Unless this legacy is kept alive the Marcos regime will, with new plausibility, promote itself as the only alternative to the extreme left. Mr. Marcos already uses just that argument to justify the substantial increase in "rent" he wants America to pay for its bases at Subic Bay and Clark Field.

It will be hard for someone else to fill the void Mr. Aquino leaves in the responsible opposition. But other voices will rise, and as they do, Americans who love freedom and hate murder will join them. The most we can do in the meantime is to press the Marcos government for a full and credible inquiry, and to mourn a brave man.

—THE NEW YORK TIMES.

A Model Assassination

Whose interest was served by the assassination of Senator Benigno Aquino Jr. as he stepped out of the airplane that had brought him home to the Philippines? Like all the other questions, that one has no immediate answer. For the legitimate opposition to the Marcos regime, it is an irreparable loss. There is no other figure of Mr. Aquino's stature to step forward. But the event also harms President Marcos, his family and his government by drawing attention to the less appealing aspects of their rule — their reliance on military force, their greed and their increasingly vigorous suppression of dissent in recent months. President Marcos appeared on television Tuesday to assert his innocence and to suggest that the killing was the work of communist guerrillas. But weakening the legitimate opposition does not necessarily help the other type.

Whoever organized it, the operation was a model of its kind. Mr. Aquino had hardly stepped onto Philippine soil when he was very efficiently executed with a shot to the back of his head, from very short range. His murderer was then immediately shot dead by the security men who were there in great numbers. There will not be any interrogation. The government says that the assassin still has not been identified. The imagination suggests any number of intricate double and triple crosses that might have been played out in these few seconds. How did the gunman expect to get out, and what might have been promised him?

The strangest thing about this affair is the explicit sense of personal danger to Mr. Aquino that had hung over him from the time that he decided to return to the Philippines. He had told friends that he had been warned by no less a personage than Imelda Marcos, the president's wife, of plots to assassinate him. The whole sequence moved too smoothly to its conclusion. In view of details like the dozens of security men surrounding him, the bulletproof vest and the crowd of several thousand that had been allowed to gather at the airport, the killing was exceedingly strange.

Perverse the government had nothing to do with it. But the government certainly bears the burden of demonstrating as much. If the Marcos government has any concern for its reputation, it will pursue the case with more than normal energy. Mr. Reagan is scheduled to visit Manila in November, as part of his trip to Asia. It will be a more pleasant trip — and a more defensible one — if, by then, Mr. Marcos has managed to provide answers to some of the questions that now surround this crime.

—THE WASHINGTON POST.

Other Opinion

Consequences for Marcos

The full impact of ex-Senator Aquino's assassination has been a shocking reminder of the violence that has never been absent from Philippine political life. On the face of it President Marcos will be the stronger from the death of a formidable political rival. The incident may nevertheless damage Marcos.

A man whose first aim at all times has been to keep himself in power, changing the constitution, imposing martial law, fixing elections in the many ways used by local tradition, building up his personality, exploiting his wife's varied abilities and rewarding his carefully chosen henchmen must expect that after 18 years his magic will begin to lose its sheen. Public feeling may be so much jolted and shaken by what has happened that, whatever the explanation proffered, a shift away from President Marcos will be accelerated.

—The Times (London).

Prospects for Violence

His assassination necessarily has the effect of pushing extremist forces on the right and the left toward increasingly violent confrontation. The growing militarization of Filipino society — denounced by the Catholic church — and the clashes between the army and the various guerrilla movements have prepared the ground for just such an evolution.

—Le Monde (Paris).

Are Rightists to Blame?

It is shocking that the assassination of Philippine opposition leader Benigno Aquino was not prevented despite warnings by the government of plots against his life.

It is almost unbelievable that he was shot down and killed at Manila International Airport as he left the plane under military escort. The government said a man pretending to be an airline mechanic shot Aquino. But witnesses said one of the military men who took Aquino off the airplane fired. Also, why were

the soldiers so quick to shoot the assassin? It is inconceivable that Marcos was directly involved in the assassination, an act that makes Aquino a "martyr" in the movement to restore democracy to the Philippines. But there is the big possibility that rightists within the military committed the crime.

The responsibility of the Marcos administration, which failed to prevent the assassination, is great. It should make all-out efforts to reveal all the facts in its investigation.

President Ronald Reagan, even though his administration stresses security arrangements over human rights, almost certainly will have to reconsider his planned visit to Manila this autumn. The repercussions of this assassination are yet to be felt.

—The Daily Yomiuri (Tokyo).

Bad Memories in Chile

Chile is a country scarred by bad memories. [General Augusto] Pinochet has brought Chile a modicum of stability, yes but it has been a stability enforced by tanks and soldiers, a stability of military tribunals and prisons. But even this vaunted stability has proven illusory.

Ten years ago the CIA abetted a coup and today Chile is beset with tension.

Today some of the finest Chilean talents are in exile, having fled before the general's army. They are asking to return home, a home without the Pinochet dictatorship which even the United States admits is among the most vicious in Latin America, a continent notorious for human rights abuses.

Pinochet has belatedly offered his compatriots a choice of an olive branch or a gun. He has drafted an emergency job creation program.

None of the gestures, however grand and sincere, seems enough unless the chief aspiration of Chileans is attained — the end of military dictatorship, now Pinochet is out of time and out of tune. Chileans are marching to a different drumbeat — and the beat comes not from a military drum.

—The Hong Kong Standard.

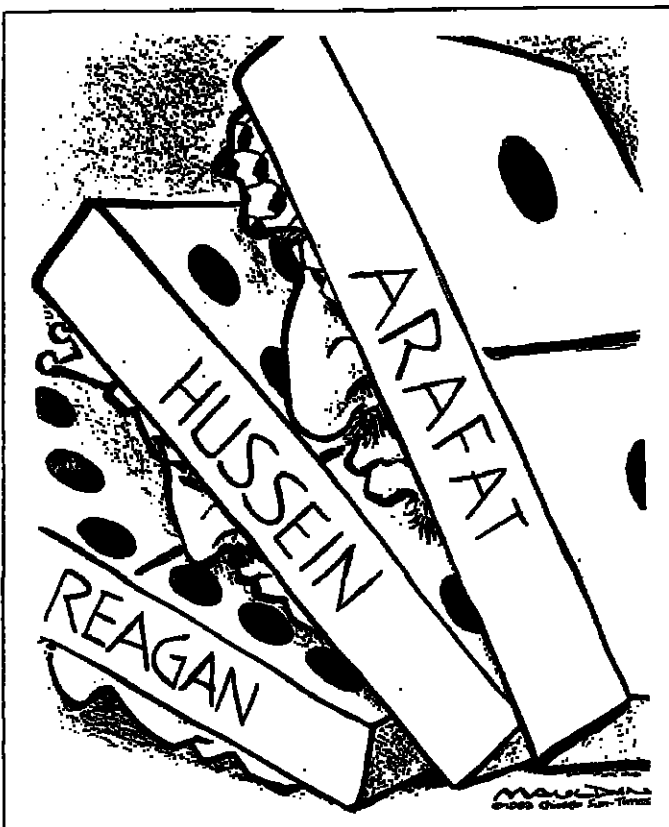
FROM OUR AUG. 24 PAGES, 75 AND 50 YEARS AGO

1908: Marriage French-Style

PARIS — Mr. Garret P. Servis, author, astronomer, lecturer, and one-time newspaper editor, was hurrying around Paris the other day, "trying to get married." "I thought you were already married," observed the Herald correspondent. "I am," replied Mr. Servis, "but in the United States. What I need now is a French marriage, because certain legal conditions call for it. I have discovered that, in my simple American way I neglected to supply myself with proofs of the fact that I was born. I know that I am living, and that I was born on a certain date, but there being no legal proof of that effect in France, it was impossible for a non-existent person like me to marry under French laws. The 'acte de naissance' is more powerful in a legal sense than the act of God that put man in the world."

1933: Gendarmes Occupy Andorra

PERPIGNAN, France — With only a week remaining before the date of the general elections, the Principality of Andorra is occupied by French Gendarmes to preserve order among the various Andorran factions and insure execution of the manifestos decreed by the co-princes, "the Excellent Lord Bishop of Urgel, and his Excellency the President of the French Republic." Whether the elections will be held on the appointed date now depends on the success of the French gendarmes. They are going from door to door trying the effects of gentle persuasion to win obedience to the decrees of the co-princes. New trouble has arisen because the young men of Andorra complain that the co-princes have decreed 30 years as the minimum limit of age for holding office, and not 25 as they had demanded.



Begin's Goals in Lebanon Fouling Chance for Peace

By Anthony Lewis

BOSTON — A year ago Israel was winding up its war in Lebanon, claiming political as well as military victories. The PLO had been defeated in battle and Syria humiliated. With that, it was said, there would be a "stable, sovereign Lebanon" — a Lebanon at peace with Israel.

The words ring with irony now. There is no stability in Lebanon. Its government is sovereign only in Beirut and a small area around, not including the airport. There is no peace, and relations with Israel are an agitated factor in the country's murderous political divisions.

There was a small incident the other day that showed how distant reality is from the visions of a year ago. Israel's defense minister, Moshe Arens, appeared in Beirut and was feted by the Phalangist Christian militia. The prime minister of Lebanon, Shafik al-Wazzan, threatened to resign in protest. To calm him, President Amin Gemayel, himself, the leader of the Phalangists, criticized the Phalangists and asked the cabinet to "condemn the Arens visit."

The Lebanese adventure has gone wrong for Israel in many different ways. For the people of Israel the worst miscalculation has proved to be the human cost. More than 500 Israeli soldiers have been killed in Lebanon so far, and the casualties continue. That is a direct result of expanding the invasion beyond the stated original objective of clearing the PLO from a 30-mile strip in Southern Lebanon — an objective that was achieved in a week, with few Israeli casualties.

In Lebanon itself the Israeli invasion removed one large cause of political trouble: the PLO state-within-a-state. But the myriad other conflicts of sect and tribe that afflict the country were not resolved and in some cases may have been aggravated.

For example, the Chouf Mountain region above Beirut escaped the worst of Lebanon's civil warfare over the years. There was a system of understandings between the Druze sect and the Maronite Christians, who lived in intermingled villages. That system was upset by the Israeli forces and it remains to be seen what happens when they leave. The Druze military activity, including the shelling of Beirut Airport, was a pre-emptive show of force.

The division of Lebanon, with its

complicated hatreds and private armies, is of course not to be blamed on Israel. But the assertion of a year ago that the invasion would help end all that has proved false. The country is nearer total partition than ever.

When there seemed to be a chance for a Lebanon free of foreign armies, when the Israeli-Lebanese withdrawal agreement was signed, Syria said no. That disappointed many, including the United States government. But in truth there never was any chance that Syria would say yes to an agreement that to a significant extent detached Lebanon from the Arab world — and did so without a settlement of Syrian-Israeli issues.

Israel rightly yearns for a peace treaty with Lebanon as with Egypt. But what the last year has shown is that such a peace is not obtainable by force. An opposition member of the Knesset, Amnon Rubinstein, put it: "An insensitivity to political facts... blinded the government and resulted in the failure of the war in Lebanon."

In Israel there were and are deep divisions over what is called a "war of choice" — not of necessity, the phenomenon of war resistance appeared for the first time, with some reservists refusing to serve in Lebanon. Now the economic costs are beginning to be felt. There are concerns about the moral responsibilities taken on by Israel: for one, the fate of thousands of Palestinian refugees now without other protection in Lebanon.

The doubts in Israel are not, I think, matched among Israel's supporters in this country. They waited when the bombs fell on Beirut, but now many seem to resent any expression of doubt about the Begin government's course in Lebanon. And that is so even though Prime Minister Begin himself reportedly is suffering from doubts.

Names of big streets honoring the Franco regime have been changed. In Madrid, Generalissimo has been replaced by Castells and Primo de Rivera in La Gran Via. But the statues and the monuments remain untouched. "It's like statues of Philip II or Charles I, just history," said a Catalan economist. In Santander, an equestrian statue of Franco was removed to make an underground parking lot, and there was some controversy about replacing it. But it is back. "So what?" said a taxi driver. "He can't do us any more harm."

The New York Times.

LETTER FROM OSLO

End of a Silly Season in Scandinavia

By Per Egil Hegge

OSLO — The long days of the Scandinavian summer are shortening, which is a bad thing. The silly season is coming to an end, which this year is a good thing. The silly season has been louder than usual.

A neighborhood quarrel between Sweden and Denmark over oil drilling rights off the tiny island of Hesseløe grew into a shouting match between two prime ministers and provided considerable entertainment.

It changed the war in Chad, the bombings in Beirut and sundry developments in Latin America off the front pages, while reflecting badly on the political judgment of Swedish Prime Minister Olof Palme.

Some of his remarks at a televised press conference "ought to have been labeled top secret because of the damage they did to Sweden's relations with a foreign power," said the opposition spokesman, Carl Bildt. The Swedish ambassador in Copenhagen, in what seemed an oblique comment on Mr. Palme's statements, ventured the opinion that a little more diplomacy might be useful.

On the other side, though, Danish diplomats admitted privately that the affair has been handled with something less than diplomatic brilliance by the Danish Foreign Office.

The windswept, mytilic island of Hesseløe, 30 kilometers north of the larger Danish island of Zealand, is an unlikely place for a diplomatic crisis. Its 200 acres are inhabited by two people, 200 deer and a colony of seals. It has a lighthouse and some arable land, and it has been Danish since time immemorial.

Even the Swedes do not dispute that. What they dispute is the right of the Danes to drill for oil under the seabed north of the island, which is off the western coast of Sweden, between the two countries have agreed on the territorial division of the continental shelf in the area. The Danes began drilling on Aug. 1.

In July, Mr. Palme, a Social Democrat, had written a letter to his Danish counterpart, Poul Schlüter, who is a Conservative, asking him not to start the drilling.

The Danes refused, after having first denied that they had received any letter. This was typical of the pettiness of the affair, as well as of the diplomatic incompetence. The original had passed a couple of times between Mr. Palme's office in Stockholm and his summer residence on the Baltic Island of Fasöl, off Sweden's eastern coast. It got to Copenhagen only after the Swedes had published the letter in Stockholm, although by then they had informed the Danes of its contents.

Fasöl is also the summer home of the famous film artist, Ingmar Bergman, who could have made a fine movie about the affair if he had been a comedian. But then he is not. Neither is Mr. Palme, although there were times when it was hard to tell.

He now sent a sharp note to the Danes, ended his holiday, gave a press conference in Stockholm and returned in clogs and jeans, and told the Danes that only Argentina's General Galtieri, the perpetrator of the famous Falklands adventure, had behaved in a manner comparable to the Danish procedure over Hesseløe.

That did it. Danish reporters went to their history books, which helped to prove that the Swedes — who, as rampant imperialists, demanded and got what is now southern Sweden from Denmark in 1658 — had never said a word about Hesseløe.

Much newspaper was spent reviewing the eleven wars between Sweden and Denmark. The last one ended with the Treaty of Kiel in 1814, when Denmark, beaten again, had to cede Norway to the Swedes.

The U.S. Is Too Cozy With Israel

By Gideon Samet

WASHINGTON — Lots of birds — some happy, some grudging — lately have been singing from the treetops, a sweet song about renewed American-Israeli understanding. What is troubling is that no one has bothered to ask if Israel's best interests are served by the new cordiality or if the Reagan administration is doing the right thing by being so indiscriminately nice.

Certainly, relations are much improved. American disappointment with moderate Arab governments, the demise of the Palestine Liberation Organization, increasing Soviet penetration of Syria, a more forthcoming Israel and the looming American election year — all have combined to create a new harmony between Jerusalem and Washington.

The easing of tensions was highlighted last month, when the Israeli Defense Minister, Moshe Arens, and Foreign Minister, Yitzhak Shamir, reached an understanding with the administration over the controversial redeployment of Israeli forces in Lebanon. For the first time in years, the

United States did not try to bang its head against a wall of objective circumstances and instead wisely acquiesced in Israel's decision to withdraw to the Awa River.

But not all the administration's cordial gestures are so wisely taken. A week later, the U.S. routine veto of a United Nations Security Council resolution condemning Israeli settlements on the West Bank was accompanied by a State Department explanation that was anything but routine: a statement that dismantling existing settlements would be "impractical" and "unrealistic" when "you look at the reality on the ground." Secretary of State George F. Shultz later confirmed this view on television.

This unprecedented public sign that Washington will not touch existing Israeli settlements was quite unnecessary for justifying the veto: It must have been intended as a political signal. Not surprisingly, it was immediate cause for rejoicing among

Israelis and protest among Arabs — hardly desirable at a time when the new United States special envoy, Robert C. McFarlane, was heading for delicate talks in Arab capitals on withdrawing forces from Lebanon.

What can the administration be thinking of? Its language points clearly to an explanation: After years of trying unsuccessfully to solve the problem of the West Bank, Washington seems to be conceding that there may be no solution except that of the Begin government — annexation.

On Sept. 1 last year, President Reagan put forth a peace initiative with a very different, ambitious plan for the territories — a vision of self-rule for Palestinians in association with Jordan. The anniversary of that initiative will be marked by all who hope for peace as the anniversary of a failure. The *entente cordiale* with Israel should not become a reason to perpetuate that failure.

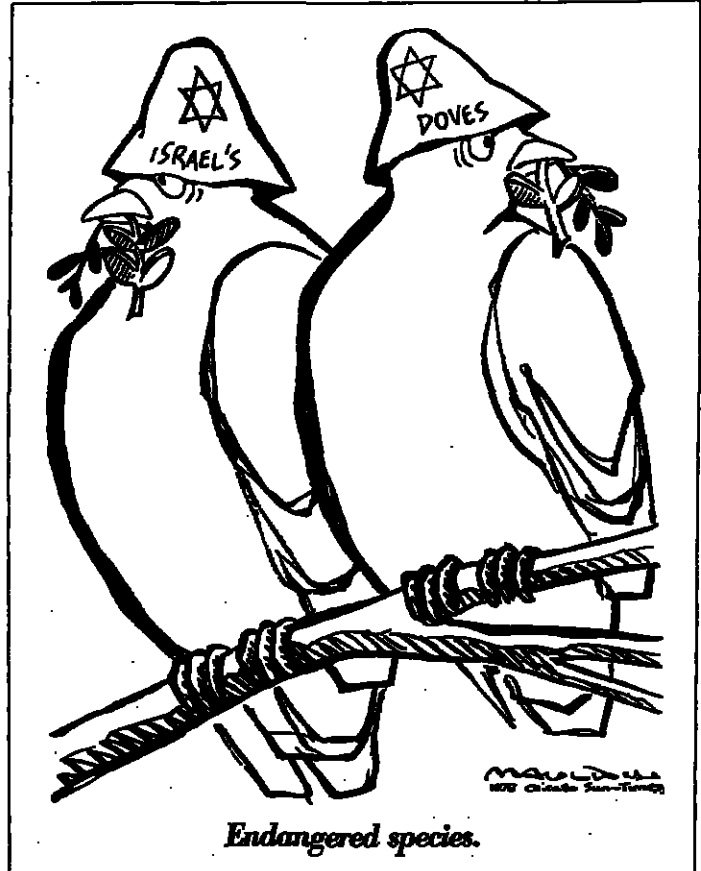
As an Israeli who is troubled by my country's future, I hope deeply that this will not happen. Israel cannot possibly remain a healthy democracy and uphold its moral principles while ruling more than a million Arabs. The notion that a change in the existing situation on the West Bank would be "impractical" is no favor to my country. It is a sorry admission of American impotence, a seed of future calamity both for Israel and for American interests in the region.

Doesn't Washington understand that an American prejudgment of the settlements issue would seriously handicap any future negotiation?

To be sure, the Reagan initiative must be adjusted to changing circumstances: Jordan and the PLO are not ready to participate in talks — and cannot be counted on for some time to come. But using the election season as an excuse to sit on one's hands, brooding over impracticalities and grinning slyly at Israelis and Arabs alike is no alternative.

The Reagan administration must try to break new ground — despite the uncertainties. The path to a solution inevitably brings one now to Palestinian leaders on the West Bank: They must be encouraged to take an initiative during the coming year, and Washington must demand that Mr. Begin make good on his pledge to grant the West Bank Arabs self-rule.

The writer, who has just completed three years as Washington correspondent of Ha'aretz, an Israeli morning newspaper, contributed this article to The New York Times.



Endangered species.

Spain Is Letting History Be History

By Flora Lewis

PALMA MAJORCA, Spain — Not quite a year has passed since Felipe Gonzalez's Socialists won a smashing election victory, and not yet a decade has gone by since Generalissimo Francisco Franco died.

The changes in Spain have been dramatic. Not long ago, men were arrested at this vacation season for wearing bathing suits without tops. Bikinis were taboo. Now, nearly half the people on the beach are unclothed and, for the most part, are not even self-conscious about it. Possession of soft drugs is not a crime, though it is still illegal to sell them.

Names of big streets honoring the Franco regime have been changed. In Madrid, Generalissimo has been replaced by Castells and Primo de Rivera in La Gran Via. But the statues and the monuments remain untouched. "It's like statues of Philip II or Charles I, just history," said a Catalan economist. In Santander, an equestrian statue of Franco was removed to make an underground parking lot, and there was some controversy about replacing it. But it is back. "So what?" said a taxi driver. "He can't do us any more harm."

The problems of politics isn't finding the formula, it's finding the right moment," he said during an interview. "It's a question of rhythm, of maintaining a cruising speed without spurts. We can't go too fast or we'll provoke resistance from the right, and if we go too slow we'll lose popular support."

The most remarkable change of all is the will to moderation, the concern for tolerance in proof and temperance. Spain, there is a tremendous generation gap. The young have taken over, pushing their seniors aside. They are an energetic new crew, eager to be practical, too busy with jobs at hand to bother with resentments or the passions of power.

Mr. Serra, an economist by training, is studying the problems of reorganizing the military establishment: There is a colossal army of over two million men, instead of a reasonable ratio of 1 to 11. He finds he faces the same difficulties as his predecessors before and after the civil war.

"Spain is the country that has repeated its history more than any other," he said, "because we kept having coups; there was no consolidation of democracy to permit evolution. What we want is to become a normal country, like Holland or Italy. That means plenty of problems, but to be dealt with normally." He is right, of course.

Habits and the harsh reflexes still exist. Beneath the surface, much remains the same. Relations with authority, government by consent and participation, remain a dilemma for Spaniards. But the desire to be modern and reasonable is intense. The contrast with Franco's flowery, excitable Socialists is striking.

Despite their heavy, paralyzing heritage, the Spaniards do not talk about changing overnight. They try to not promise too much, and worry about disillusion. They are prudent and recognize that slogans do not make people over. They credit their opponents with decent intentions.

There is still a way to go before Spain can be pronounced a healthy, firmly rooted democracy. But it has already done better than might have been expected and its inexperienced leaders show a clear-minded grasp of direction, both in means and goals.

It is an encouraging case history, despite severe economic troubles and the abrasive, unresolved issue of central government versus regional autonomy. Few countries have emerged from dictatorship as smoothly. Many have slipped backward or floundered from upheaval to upheaval, threatening to drag the others into war.

Spain shows that that need not be inevitable. Its success deserves attention. One critical element is the willingness to let history be history, to reject the notion that injustice is to be avenged with new injustice. Refusal to see that blames from the front pages every day, from every continent.

Spain's development is particularly relevant for Latin America, where history also has tended to repeat itself too much without mellowing.

It must be hoped that the message will be widely heard in the Western Hemisphere. There are important differences, but Spain's experience, also argues for more U.S. poise and sobriety in reacting to Latin American struggles. The issue of democracy is not what the United States wants for its neighbors, it is what they want for themselves. Spain offers an increasingly attractive model.

The New York Times.

LETTERS TO THE EDITOR

Respect for Sandinistas

Regarding "U.S. Feels Cuba Isn't Serious on Halt to Arms Aid" (HT, Aug. 15) by Lou Cannon:

According to Mr. Cannon, a U.S. official says: "We don't want them [the Sandinista group] to play into the hands of the Sandinistas and give them the respectability they badly need in the eyes of the world."

It seems to me that the people of Nicaragua, and their leaders, the Sandinistas, who have dared to oust an authoritarian regime long supported by the United States, have already earned such respectability. The spectacle of 20th-century gunboat diplomacy — aircraft carriers and the like — sent by a wealthy superpower of over 200 million people to cow an impoverished nation of 3 million can only appall the fairminded.

Herald Tribune articles unfortunately provide all too little information on the reforms being attempted by the Sandinistas, though I gather

there are many. A Special Report on Nicaragua would be most welcome.

CLAIRE LEE CHENNAULT, Chavannes-de-Bogis, Switzerland.

Dead Reefs in Tuamotus

Regarding "Corals Found Dead or Dying in Two Oceans" (HT, Aug. 11) by Philip J. Hitt:

It was with great interest that I read your article about the dying coral reefs. I was amazed about the omission of the Tuamotu Islands, especially Mangrove, which was not mentioned either in the report itself, or on the map.

We were there in 1979 and were shocked about the consequences of the French atomic blasts which killed all the fish and corals in that region. It is possible that the Smithsonian Institute is unaware about this fact or were they intimidated by the French Department d'Outre-Mer?

MRS. PAUL E. GIERER, Bräunlingen, West Germany.

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Rebel Gains in Angola Seen as Undercutting Positions on Namibia

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COSTA RICA

A SPECIAL REPORT

WEDNESDAY, AUGUST 24, 1983

Page 6S

Austerity Measures Avert Debt Default, But Slow Economy

By Gordon D. Mott

SAN JOSE — The Costa Rican government's economic austerity program has halted a disastrous economic slide and prevented a default on its \$4-billion foreign debt, but the financial shock treatment has paralyzed the economy and complicated economic recovery.

Unemployment stands at an unprecedented 9 percent while wage earners' purchasing power has fallen by 40 percent. Gross domestic product fell by 6 percent in 1982, and economic analysts predict that at best there will be no growth in 1983. Imports dropped by 28 percent in 1982. Exports fell 12 percent in the first quarter of 1983.

Furthermore, the country's debt — which is one of the world's largest per capita, at \$1,300 — will require between \$400 million and \$450 million in debt servicing in 1983, or about 50 percent of estimated export revenues. Minister of Economy and Trade Marco Antonio López estimated that the country may need up to \$500 million in new financing to cover current accounts and government budget deficits.

At the same time, government officials are showing some optimism because Costa Rica has met or exceeded performance standards set in an International Monetary Fund agreement signed in December 1982. The inflation rate may be less than 20 percent by the end of this year, down from 82 percent in 1982. The budget deficit is expected to drop to \$150 million, or 4.5 percent of gross domestic product, down from a deficit of 17 percent of GDP in 1982.

Negotiations have been concluded for debt restructuring with 17 creditor nations, and an agreement with 170 private banks was to be signed this month.

Costa Rica's currency, the colón, also has rebounded. Although the currency's value has dropped by 75 percent since 1981, it now trades at 43.1 to the U.S. dollar after being revalued from its level a year ago of 63 to the dollar.

"If anyone had told me a year ago that inflation would end up under 20 percent and the colón quoted at 43 in 1983, I would not have thought it possible," said Rodolfo Silva, Costa Rica's chief debt negotiator.

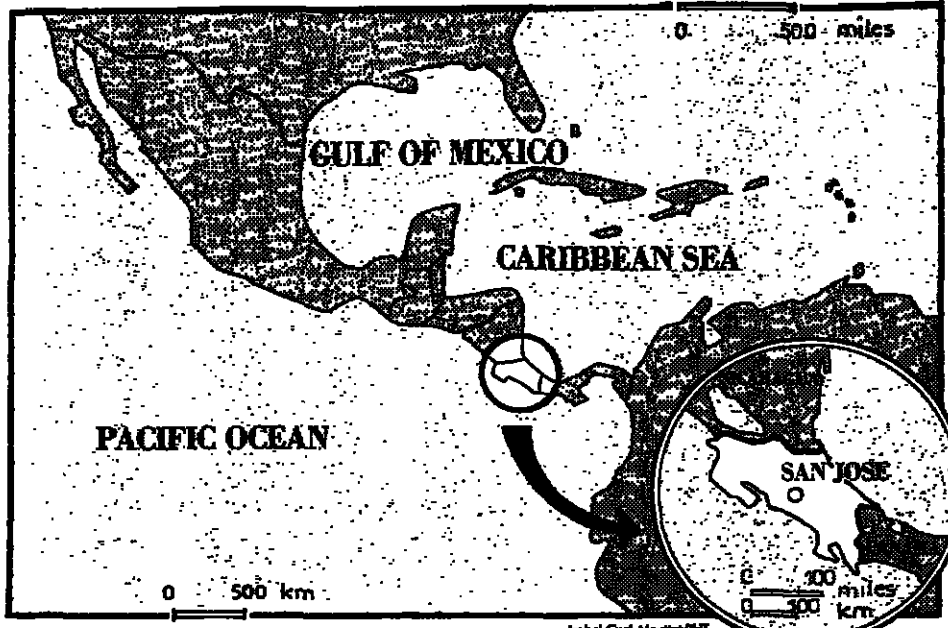
Mr. Silva was not the only skeptic about Costa Rica's economic future when President Luis Alberto Monge took office in May 1982. The country was in technical default on its foreign debt, the IMF had canceled an agreement for nonperformance and inflation exceeded 100 percent a year.

President Monge imposed an austerity program and set out to re-establish financial credibility. The first step was a \$100-million standby credit with the IMF. President Monge's most important achievement so far has been the renegotiation of the \$800 million in debt due to be paid in 1983 and 1984, and \$260 million in interest arrears that must be liquidated this year.

On the domestic front, President Monge's anti-inflation program has succeeded beyond expectations. The IMF set a 50 percent inflation target for 1983, but inflation has been averaging less than 2 percent a month.

However, the austerity program has stalled the economy and tested the patience of Costa Ricans. Consumers complain about higher prices. A consumer price index that uses 1978 as a 100 base registered 623.42 in June, 1983. And, even though the inflation rate tailed off dramatically in early 1983, the loss of purchasing power pushed demand down nearly 10 percent in both 1981 and 1982.

The industrial sector has been hardest hit by the economic crisis. Industrial production fell by nearly 15 percent over 1981 and 1982. Industrialists said that they were only using about 60 percent of installed capacity.



Costs of Social Welfare System Rise; Nation Resists Cutback in Benefits

By Richard Dyer

SAN JOSE — Costa Rica has developed one of the world's most advanced social welfare systems, and Costa Ricans are reluctant to consider sacrificing any of the social gains achieved in recent decades.

Outside financial experts, looking for fast ways to reduce spending, find the system — which is already expensive and is facing rising costs — an obvious target. Teams from the International Monetary Fund and the World Bank are not popular, even though the government of President Luis Alberto Monge realizes that their recommendations for austerity are necessary medicine for a country with a foreign debt of \$4 billion.

The health, education and welfare system provides lifetime protection for all wage earners and their dependents. This includes complete medical care, retirement pensions and death benefits, obligatory savings funds and a family assistance plan that provides meals for pre-school and school children and pregnant mothers from low-income families.

Parallel to the social security system is an educational program that by law requires a minimum of nine years of obligatory primary education and offers scholarships, student aid and other facilities for poor students through the college level. As a result, Costa Rica has a literacy rate of 90 percent, the highest in Latin America and one of the highest in the world.

The total costs this year for the system will be \$388 million, or \$166 per year per capita, in a nation in which less than 40 percent of the population of 2.3 million are wage earners and where the average annual income is below \$3,000.

About \$126 million will come directly from this year's national budget of \$488 million, representing 26 percent of the total budget. This will be used by the ministries of Education and of Public Health.

A much larger amount, nearly \$262 million, represents the estimated combined expenditures of the 32 autonomous government entities of the system. Most of the entities are intended to be self-supporting but still depend to some extent on government support.

The largest institution is social security, known locally as CCSS, which supposedly is self-supporting. CCSS operates eight major hospitals, as well as a nationwide chain of out-patient clinics. It is financed by payroll deductions equal to 30 percent of salaries, of which the employer pays 20 percent, the employee 9 percent and the government 1 percent.

This year's CCSS budget is about \$150 million, which most Costa Ricans feel would be sufficient to meet operating costs if all deductions were paid on time. Various government ministries and numerous autonomous institutions are among the worst offenders in payment delays on their employer quotas. The central government is chronically in arrears on its contribution of 1 percent of national payrolls.

Officials fear that social security will run heavily in the red again this year; the shortages will be made up by deficit government financing or by the sale of government bonds.

The Ministry of Public Education requires \$104 million (22 percent of the national budget) to operate nearly 4,000 primary and secondary schools and pay 20,000 teachers; the three large state universities need subsidies totaling \$35 million.

Fanning out below the two basic structures of Public Education (including the three autonomous universities) and social security are more than 30 diverse government organizations that require an additional \$79 million for operations this year, a good deal in the form of subsidies.

Exile Presence: A Strong Policy

SAN JOSE — The government has adopted a hard line toward political exiles in Costa Rica after two years of foreign-inspired terrorism, fearing that anti-Sandinist activity by a large Nicaraguan exile community could bring the country into a war.

President Luis Alberto Monge has emphasized that his government will enforce its neutrality and will not permit its territory to be used as a staging ground for attacks on governments in neighboring countries.

The tough government attitude has not stopped the Nicaraguan exiles' campaign against the Sandinist government.

Eden Pastora, the former Sandinist hero who now opposes the regime, is commanding a 3,400-man guerrilla army in southern Nicaragua. But he organized his first units in Costa Rica and reportedly still has supply lines that run through the remote northern area of the country.

Eden Pastora's staff in the Revolutionary Democratic Alliance (ARDE) maintains offices in San José. A clandestine radio transmitter operated by ARDE is also believed to be located in Costa Rica. Mr. Pastora himself was ordered to leave Costa Rica earlier this year.

Security Minister Angel Edmundo Solano said that he could not control every Civil Guard commander in the remote areas. He said that many of the commanders were sympathetic to the anti-Sandinist rebels' cause and that many of the residents in the zone also supported the rebels.

"It is impossible to control that remote border region," said Mr. Solano, referring to jungle lowlands that cover much of the 320-kilometer border.

He said that about 1,000 Civil and Rural guardsmen were stationed permanently along the border. He added that the Civil Guard had dismantled 82 rebel camps in the last year. The Civil Guard also has captured and dismantled dozens of Mr. Pastora's troops.

"I can say we are not helping or cooperating with the rebels," Mr. Solano said.

— GORDON D. MOTT

Strict Regional Neutrality Is Basis of Foreign Policy In Face of Rising Tensions

By Juan de Onis

SAN JOSE — Costa Rica, an unarmed democracy, lives under the volcano of Central American politics with neutrality and faith in the protective shield of the United States as the basis of its foreign policy.

This neutrality in the face of the armed conflicts that involve Nicaragua, El Salvador and Honduras is neither indifference nor nonalignment. Costa Rica is trying to play a role as a mediator between Nicaragua and the United States, for instance.

"It will take a miracle, but we in Costa Rica believe in dialogue so we will do everything we can to promote talks," President Luis Alberto Monge said in an interview at his offices.

Costa Rica, with Nicaragua on its northern border, can hardly be indifferent. Anti-Sandinist Nicaraguans, including Eden Pastora, the former deputy defense minister, and Alfonso Robelo, have base organizations in San José, and there are guerrillas from these groups fighting the Sandinists in the border areas.

Costa Rica abolished its army in 1948, and this has undoubtedly contributed to the continuity of democratic government. The nation maintains a small, lightly armed national police force of 5,000 men.

"What we have done is set up peacekeeping mechanisms with the Nicaraguans to reduce friction and clear up disputes before there is shooting. We can coexist with the regime in Nicaragua as long as there is respect for nonintervention in each other's internal affairs," Mr. Monge said.

"As for the anti-Sandinists here, Costa Rica has a long tradition of giving asylum to exiles. Some of the most important Nicaraguan commanders, including Daniel and Humberto Ortega and Sergio Ramirez, spent years here during the [Anastasio] Somoza regime. What we say is you can't shoot," the president said.

Mr. Monge, 57, is a former labor leader. His political mentors include the late Victor Raúl Haya de la Torre of Peru and the late President Rómulo Betancourt of Venezuela, who were both exiles in Costa Rica under dictatorships in their countries.

He began his labor activities under a program sponsored by progressive Roman Catholic Church groups, but Mr. Monge and his party, the National Liberation Party, are now aligned with the social democratic movement. As such, Mr. Monge is a long-time opponent of repressive Latin American military regimes, but he is also strongly opposed to revolutionary communism or violent means.

Since his election last year, in which he defeated a coalition of conservative parties, Mr. Monge has maintained good relations with the administration of President Ronald Reagan, who visited Costa Rica on his only Latin American trip outside of Mexico.

Like other democratic presidents in this region, such as Belisario Betancourt of Colombia, Luis Herrera Campins of Venezuela and Miguel de la Madrid Hurtado of Mexico, Mr. Monge has openly criticized the deployment of naval units by the Reagan administration and the buildup of U.S. training camps in Honduras in support of anti-Sandinist forces.

In a letter to Henry Kissinger, after the former U.S. secretary of state was appointed to head a U.S. commission on Central America, Mr. Monge deplored the "transfer to our Central American isthmus of the global confrontation between the United States and the Soviet Union, through Cuba and Nicaragua."

The announcement early this year by Mr. Monge that Costa Rica was invoking international recognition of its "neutrality and permanent disarmament" in an area as convulsed as Central America was only



Luis Alberto Monge

realistic, however, in the degree that the Soviet Union, Cuba and the United States recognize this status.

The United States regards Costa Rica as the kind of well-behaved, constitutional democracy that should be emulated by its violence-torn neighbors. Mr. Monge said that this should be backed up by far more economic assistance to this country of 2.3 million people, both by the United States and by West European countries.

Like other basic commodity exporters, Costa Rica is suffering from low prices for coffee, bananas and sugar. It has accumulated a debt of close to \$4 billion with annual export earnings now of about \$900 million. Under a renegotiated debt agreement, it has to pay \$400 million in interest annually.

Costa Rica, along with the other Central American countries, is making a joint presentation to the European Community in September that will try to convince European governments and bankers that Central America is not hopelessly mired in political disruption.

"Costa Rica is asking for practical solidarity now from the Western democracies that will take the form of economic and technical support so that our political project of peaceful development will not be undermined by an arms race," Mr. Monge said in his letter to Mr. Kissinger.

The underlying concept is that the "liberal" analysis of the causes of revolution in Central America, which attributes violence to economic privation, social injustice and political repression, should be dealt with in Costa Rica — a proven democracy — by attacking the root causes through a major international economic assistance program.

"But for each dollar we get from the United States, we want a dollar from Western Europe. We don't want the European social democrats to suspend aid to Nicaragua, which needs it as much as we do. We just want democracy in Costa Rica to be given the same support as a Marxist plan has received in Nicaragua," Mr. Monge said.

"The problem is that military aid to Central America comes by jet, and economic aid comes by burro," he added. Costa Rica's democrats do not want to turn this country into a U.S. military base, as Honduras is becoming, in order to get the economic aid and trade facilities that will reinforce democracy.

Resisting Appeals for Militarization

SAN JOSE —

The spillover of violence from Central America's guerrilla wars and the new militarism of Nicaragua's Sandinist regime have spurred Costa Rica's government to accept \$4 million in military aid for the training of its 8,000-member public security force and the purchase of more modern weaponry.

The government already has sent more than 200 civil guards to Panama for advanced training to cope with the stepped-up operations of an anti-Sandinist rebel group operating along the Costa Rican-Nicaraguan border, and with repeated incursions by Nicaragua's army. Anti-terrorist battalions have been formed to deal with a two-year wave of terrorist activity.

Nevertheless, Security Minister Angel Edmundo Solano said that Costa Rica's new interest in its national security did not constitute "militarization." Military spending will remain a small portion of national spending, as it has for last 25 years. And Mr. Solano cannot get congressional approval to increase the combined forces of the Civil Guard and the Rural Guard from 8,000 to 9,000. (The Civil Guard enforces the law in the cities and

the Rural Guard in the country-side.)

The reluctance to increase military spending is deeply felt in Costa Rica, which abolished its army in 1948. And, although Costa Ricans were profoundly shocked by the last two years of sporadic violence, this has not created a national consensus about how extensive their own security preparations should be.

"Costa Ricans know instinctively that any army would become a threat to the country's social and political repression mechanism," said Guido Fernandez, a social commentator. "We believe strongly that personal liberty is more important than national security."

Nevertheless, most Costa Ricans grudgingly accept that they cannot keep Central America's problems away with just diplomacy and a nice-guy attitude.

"They know they have to modernize, but it is not clear they are aware of the cost," said a diplomatic security analyst, who asked not to be identified. "It is expensive beyond any concept they have and they still do not have a realistic budget to accomplish their goals."

The 1983 public security budget

was 612 million colones. Mr. Solano has asked for a 120-million-colon increase.

In 1983 million in U.S. military aid plus about \$1 million from five other nations increased military spending by about 30 percent. The U.S. military aid package for fiscal 1984 is only \$2 million, but it may be augmented later by reallocation of funds not spent elsewhere. The U.S. government also has allotted \$150,000 in international military education and training (IMET) funds.

The diplomatic security adviser said that the intent of the foreign military aid was not to create a "hot army.... Anyway, no one wants that."

Mr. Solano agreed that the government only wanted to modernize and professionalize its security forces. "We have decided not to have an army. Nobody can change that," he said. "But how can a country keep its democracy when it has the weakest security force in Latin America? Our criminals even have machine guns while the police carry old revolvers that they

(Continued on Following Page)

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BASIC DATA

LAND AREA: 50,900 square kilometers (19,600 square miles), divided into seven provinces: Alajuela, Cartago, Guanacaste, Heredia, Limón, Puntarenas and San José. San José city is the capital. The population is 2,300,000; the population density is one of the lowest in Central America. Spanish is the official language and Roman Catholicism is the state religion.

TRADE AND INDUSTRY: Coffee, bananas, meat, sugar and cocoa are the major exports. Maize, beans and potatoes are also exported. A trade deficit of \$30 million is expected in 1983. Major trading partners: El Salvador, West Germany, Guatemala, Japan, the Netherlands, Britain and the United States.

RESOURCES: Development is underway to exploit an estimated reserve of 150 million tons of bauxite discovered in the Boruca region. An aluminum smelter is also under construction.

CURRENCY: 43.1 colones = \$1.

Tourism: Less Can Be More

SAN JOSE — A brief guide to what the tourist can expect in this small, but varied country:

• **THE CAPITAL** — San José, with several central plazas and fine hotels, is a good jumping-off place to visit the rest of the country, and also has attractions of its own. The National Theater is a must for any visitor. Built with funds from a voluntary tax suggested by coffee exporters, the theater was designed by Belgian architects and inaugurated in 1897 after seven years of work. The Gold Museum at the Central Bank includes one of the most extensive collections of pre-Columbian Indian gold artifacts in Latin America; the 1,600 pieces are only on display three hours a day. Sidetrips to villages in the mountains around San José can surprise a visitor expecting a tropical setting. Dairy cows lounge in lush green pastures next to Swiss-style chalets.

• **LIMÓN** — No trip to Costa Rica would be complete without the six-hour train ride to Limón, a small Caribbean port where the people speak English, Spanish and a mixture of both languages. The train winds up slowly into the mountains above San José, stops in the mountain valley town of Turrialba, then plunges into the wide, steamy coastal lowlands before reaching Limón.

• **THE VOLCANOS** — The most unusual is the Poás Volcano, now part of the extensive park system and within an hour and a half from San José by road. Sulfuric steam rises from cauldrons in the crater, the largest in Latin America and one of the largest in the world. Several other active volcanoes are easily accessible by road. The Irazú volcano is less than an hour from the capital by way of Cartago, the country's oldest city and its first colonial capital. This volcano erupted from 1963 to 1965. Finally, further north in the Guanacaste province, the Arenal volcano continues to feed several large lava flows. It erupted violently in 1968. The volcano's setting on the edge of Lake Arenal provides spectacular nighttime vistas of the lava.

• **PARKS** — High in the central mountains above Heredia, a small town 24 kilometers from San José, the Braulio Carrillo National Park is an exotic nature reserve. Other mountain nature reserves include the Hito Centro Park and Chirripó, a park centered around Costa Rica's highest mountain at 3,819 meters. Another special spot is in Monteverde, a mountain cloud forest with a large population of quetzals, an exotic bird native to the area. While all the volcanoes and mountain national parks are relatively accessible, the same cannot be said for some of the lowland national parks and nature reserves. But the more remote parks contain some of the most interesting scenery. Canals crisscross the Tortuguero Park, one of the principal spawning areas of the green turtle. Small boats cruise up the canals. At the other end of the country, the Corcovado National Park contains 500 species of trees, 285 species of birds, 139 different mammals, 116 amphibians and reptiles and 16 freshwater fish.

• **BEACHES** — Along the Pacific Coast of the Guanacaste province, you can find a secluded hotel perched high on a cliff above the ocean. Remote beaches also await tourists who want to get off the beaten track. And, for the less adventurous, the established hotels along Playa Coco and Playa Tamarindo provide excellent accommodations. South of Puntarenas, in the Marro Antonio National Park, the vegetation is lush, and sunbathing might be disturbed by white-face monkeys peering out of the undergrowth along the beach. There are also two national parks that attract scuba divers. The Cahuita National Park on the Caribbean coast just south of Limón has more than 500 species of fish. And, on Isla Cano, off the Pacific Coast, there are the only coral reefs in the western Pacific.

• **FURTHER INFORMATION** — Contact the Instituto Costarricense de Turismo, Apartado 777, San José.

— GORDON D. MOTT

The National Support for Conservation

SAN JOSE — In proportion to the nation's land size, Costa Rica's national park and wildlife reserve system is the most extensive in Latin America, and wildlife and ecological experts say that it is by far the most professionally managed in the area.

The parks range from the coral reefs of the Caribbean to the tundra-like peaks of the Talamanca range, and from volcanic cauldrons to the misty stiffness of orchid-covered cloud forests. The largest of the parks, the 200,000-hectare Parque la Amistad, is in the high wilderness along the Panamanian border. But most of the network is comprised of more modest parcels preserving representative ecosystems and the habitats of such rare or endangered species as the howler monkey, the tapir, the leatherback turtle, and the delicate, elusive quetzal.

More than 8 percent of Costa Rica's national territory is now contained within the boundaries of these strictly regulated parks, and a similar extension of land is devoted to the country's program of national forests and restricted-access wildlife preserves. This record is unrivaled in the region.

During the last two decades, government purchases have added 550,000 hectares to these protected areas. Costa Rica's present financial crisis has halted the acquisition program, at least temporarily, and park spokesmen stress the need to acquire the many critically located tracts of land within the parks that still remain in private hands.

There is no readily apparent explanation for the national proclivity for wilderness conservation. Rural land pressures in Costa Rica are as intense as anywhere in the world. Forty thousand poor Costa Rican farming families own no land, and 37 percent of the families who have land are squeezed onto 1 percent of the national land area. Half of the country's 80,000 farms are smaller than five hectares, the minimum most experts say is necessary to provide a family a decent living.

Elsewhere in Latin America, this kind of tenancy pattern has led to unbridled public lands to be overrun by land-hungry squatters. Large-scale illegal tree-cutting for firewood, as well as constant hunting and trapping incursions, also pose recurring problems for many of this region's nascent land preservation programs.

The current national economic problems have caused a "difficult situation" for the parks system, José María Rodríguez of the National Parks Service said. "All government programs have been affected by the cuts, and the parks are no exception."

But the parks system continues to receive "very significant" financial help from donors abroad, Mr. Rodríguez said. The private National Parks Foundation regularly conducts fund-raising campaigns for the parks in the United States and Western Europe.

Because of the efforts of Central America's most active private environmental movement, the parks program also receives volunteer support within the country.

But the greatest asset of the parks program is the strong conservationist ethic among the Costa Rican people. Costa Rica is more than one-third forested, for example, but residents will remind visitors admiring the greenery that a generation ago woodlands covered virtually the whole country, and that if the trend were to continue there would be no woods in 20 years.

Living in these lush forests are more than 12,000 species of plants, more than are found in all of Western Europe. Botanists have identified a thousand separate species of orchids alone. And the persistent birdwatcher could theoretically see 850 distinct species of birds in Costa Rica's territory.

— WILLIAM A. ORME JR.

COSTA RICA

Energy Independence At Stake in Drilling Near Panama Border

By William A. Orme Jr.

VALLE TALAMANCA — Standing 54 meters tall and glistening with a fresh coat of yellow paint, the drilling rig rises inconspicuously above the dense surrounding tangle of tropical rain forest.

Below the rig, the bit has already bored down 4,800 meters, and before the end of this year it will have reached structures close to 6,000 meters below sea level that Costa Rican officials hope will free this nation from the financial burden of imported oil.

"Many more wells will have to be drilled before we know the area's potential," project manager Rafael Corrales said. "But, calculating optimistically, the geology here indicates possibilities of an eventual production of 15,000 to 30,000 barrels a day." At present consumption levels, that would be more than enough to satisfy Costa Rica's domestic needs and eliminate the oil import bill that last year cost this country a quarter of its export earnings.

Located in a remote, sparsely populated corner of Costa Rica 30 kilometers from the Panamanian border and the Caribbean coast, and a jarring six-hour jeep ride from San José, the Talamanca oil drilling camp represents Costa Rica's single most ambitious and controversial energy development project. A Costa Rican state enterprise financed by Mexico at a cost of \$28 million, it is also the first full-scale exploration venture by Mexico's state oil monopoly outside Mexican territory, and is perhaps the most unusual example of Mexico's little-noticed developmental aid effort in the Caribbean basin.

Skeptics in the press and the Costa Rican legislature, however, have questioned the wisdom of undertaking such a costly and risky

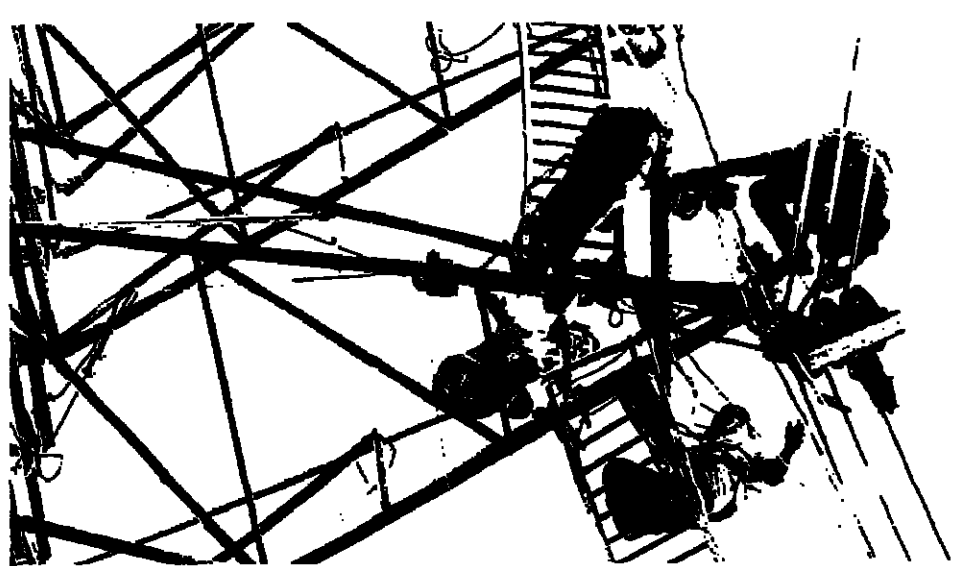
venture at a time when Costa Rica is unable to repay its \$4-billion debt. Some critics argue the funds could have been better invested in development.

But government officials, defending the expenditure, note that, even if petroleum could be eliminated as a fuel for electrical generation, it would still be essential for transportation, which burns up nearly half of Costa Rica's commercially purchased energy. They also point out that the financial terms for the deal could hardly be softer—Mexico's \$28-million loan bears just 2-percent interest, and the Costa Rican government has 20 years to repay.

"People also forget that \$18 million of that money stays here in Costa Rica to buy supplies and pay Costa Rican personnel," said Mr. Corrales, who is supervising the operation for RECOPE, the state firm that owns the country's 15,000 barrel-per-day oil refinery and controls diesel and gasoline distribution. Under the terms of RECOPE's agreement with Pemex, Mexico's national oil firm, Costa Rica will have full ownership of any crude found. The contract also calls for the sinking of a second exploratory well into a nearby structure 4,000 meters deep, but drilling will not begin until the data from this first well has been evaluated by Pemex geologists in Mexico City, Mr. Corrales said.

"There could be a lot of oil here, or maybe there isn't any at all," said Javier Rabago, one of the 44 veteran Pemex roughnecks working at the site. "You never really know."

Somewhat ironically, the funding for this expensive search for petroleum self-sufficiency came originally from Costa Rica's oil import debt to Pemex. Through the San José Pact, an agreement signed



Workers atop a high-voltage tower install a transmission line from the Corobici hydroelectric power plant to consuming centers. The Inter-American Development Bank helped finance the plant, which began operating in 1982, with loans totaling \$110.5 million.

in Costa Rica by Mexico and Venezuela three years ago and renewed under tightened financial terms this July, the small oil-importing country of Central America and the Caribbean can invest up to 20 percent of their oil bills in energy development projects and repay the money later at concessional interest rates.

To date, the Talamanca exploration project is the largest single energy development project to be financed through the pact anywhere in the region, and if the gamble pays off it will be the greatest bargain in Costa Rican history. If both holes are dry, however, the political costs could prove higher than Pemex's drilling bill, commentators say.

Costa Rican officials are already considering using the San José Pact again to fund geothermal and other non-petroleum energy projects ranging from biomass-powered boilers to miniature village-scale hydroelectric plants. Other long-term alternative energy plans involve the development of coal resources, the increasing electrification of bunker-fueled industrial plants, and the introduc-

tion of small-scale solar heaters in the countryside for crop drying.

"Costa Rica's fundamental energy problem," said Jorge Monge, the government's energy policy coordinator, "is that we are highly dependent on oil, a resource that we don't have, and we have failed to develop those resources that we do have."

Many analysts cite Costa Rica's rising oil import costs as the country's single most critical economic problem, noting that petroleum purchases now account for nearly 20 percent of the country's total import bill, up from 4 percent a decade ago. Despite increasing investment in hydroelectricity—water power now drives 460 megawatts of Costa Rica's 650-megawatt electrical network, the highest percentage in Central America—the country still uses imported oil and natural gas to satisfy two-thirds of its commercial energy needs.

If implemented as planned, the government's energy program could represent "the first time that a country will in four years have undertaken a comprehensive change in its energy structure," said Mr. Monge (a distant relative of the

president who appointed him). Contributing \$4.2 million to the administrative and research part of the energy program is a group of foreign national and multinational donors, including the UN Development Fund and the governments of Italy, Japan and the United States. The program includes administrative reforms and the implementation of the country's first energy conservation plan. But in the long term, perhaps the most important aspect of the program will prove to be its survey of the country's energy potential, the first conducted in Central America. Planners are identifying which of the 34 major Costa Rican watersheds with feasible hydroelectric sites could be most economically developed, with an eye toward doubling the present 7-percent exploitation of the country's estimated water power potential.

Also, as a land studded with smoldering volcanoes, Costa Rica may have vast geothermal energy resources, and the first stage of a projected 150-megawatt pilot geothermal project in the northwestern Sierra is expected to come on stream in late 1985.

Industry: Re-Gearing Begins for Export Products and Markets

SAN JOSE — Crippled by Central America's economic collapse, Costa Rica's small industrial base has just one hope for survival, experts in San José say — a slow, painful re-gearing toward new markets and new manufactured export products.

Under government prodding, the transition has begun. But any significant penetration of foreign markets "is still several years down the line," said Mario Carvajal, appointed recently by President Luis Alberto Fernández to head the newly created Exports Ministry. Because it has been long accustomed to protectionism, "our industry is simply not motivated to export to other markets," he said.

Since the Central American

Common Market's founding two decades ago, Costa Rican industry has been oriented toward supplying not just domestic demand but also demand from the entire region. Shielded by stiff tariff barriers from outside industrial competition, Costa Rican manufacturers — along with their counterparts from the other Central American nations — were able to sustain constant growth as their captive market increased gradually in affluence and spectacularly in population. The local currencies were stable and interchangeable, and the Central American industrial pie was divided up by treaty for the benefit of the area's major manufacturers.

"Yes, those were the good old days," said the manager of a foreign-owned factory, as if dimly recalling a long-vanished era. But it was not that long ago that the Central American system began to break down.

The first big crack in the Common Market edifice appeared in July 1979, when Nicaragua's Sandinistas marched victoriously into Managua. The growing insurgencies in El Salvador and Guatemala further complicated transport and led to capital flight, and today the border hostilities between Honduras and Nicaragua continue to destabilize the region. Every national currency has dropped substantially in value, and most exporters now insist on payment in dollars — perhaps the single scarcest commodity in the region.

For Costa Rican industry, the dramatic reduction of Central American internal trade has meant a drop in output to about 60 percent of installed capacity, according to Carlos Araya, president of the Chamber of Industry. Five years ago, he said, the other isthmus countries absorbed nearly half of Costa Rica's industrial exports. That figure has now fallen below 30 percent.

Overall, Costa Rica's exports to Central America dropped 12 percent in 1981 and 30 percent in 1982, and continued to decline in the first half of this year. Manufactured exports to the isthmus now represent less than 10 percent of Costa Rica's total industrial production, the government estimates, and much of this reduction is reflected in idled machinery rather than in sales to new export markets.

Aside from its negative tilting of the trade balance, the contraction of the Central American market has carried a high social cost. As the employer of 15 percent of the economically active population, industry has been an increasingly important contributor to the rising unemployment rate. Estimated officially at 9 percent nationally, but estimated by several independent economists to have reached 12 percent — unemployment has jumped as high as 16 percent in such industries as textiles.

Industrialists are beginning to try to break into markets outside the region, Mr. Araya said, but "are far from solving the problem." Frustrated in the U.S. market by the competitiveness problems caused by the high relative costs of small-scale industry, Costa Rican manufacturers have found that other potential nearby markets like

Mexico and Venezuela "are far more protectionist than the Central American Common Market," Mr. Araya said.

Perhaps industry's most critical short-term problem, many analysts agree, is its dependency on imported machinery, spare parts and raw materials.

While many recent external events have worked against Costa Rica's manufacturing base, in the long run only major structural changes will permit Costa Rican industry to compete successfully abroad, Mr. Carvajal said.

In the short term, his ministry has tried to encourage new trade patterns by removing almost all export taxes on goods sent to buyers beyond the isthmus.

The Monge administration has also tried to alter the approach of state industrial planning, by arguing against investments in large, high-tech, capital-intensive projects, and urging instead the encouragement of a greater number of more modest ventures.

The government has already moved to cancel several major industrial projects with planned state involvement, including a \$15-million gasohol plant, a \$100-million tuna industry plant, and a giant aluminum smelter that would have cost the government hundreds of millions of dollars just in infrastructural expenditures.

Rather than invest directly in export industry, Mr. Carvajal believes the government should instead direct its resources into such areas as feasibility and market studies. Currently the Exports Ministry is funding international market research for 30 potential nontraditional export products.

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Agriculture: Plantation Zones Try to Reduce Reliance on Bananas

SIXOALA — A century ago, on Costa Rica's hot Atlantic plain, foreign entrepreneurs developed the world's first large banana plantation. The banana companies are still this country's largest employers and foreign-exchange earners, and Costa Rican banana exports of more than one million tons annually are today surpassed in volume only by Ecuador.

But in Sixoala, as in many other traditional banana-growing centers, a radical change is transforming the banana plantations and Costa Rican agriculture as a whole. Replacing the neat corridors of fruit-laden banana trees are rows of another tropical plant: African palm, cultivated for its cluster of tiny coconut-like oil seeds.

Agriculturally, the advantages of palm over bananas are many. "A few months ago we had hurricane winds here, and half of the banana trees were blown down flat," said Gerardo Campos, manager of the oil-palm extraction plant at PAISSA, a banana, palm and cattle operation owned jointly by the Costa Rican government and United Brands. "But look at those palms standing there—they were hardly even touched."

Aside from being hardy, the African palms are long-lived. Productive four years after being planted, the palms yield seed for 25 years or more. And while bananas are plagued by diseases, new strains of

palm are proving resistant to pests and fungi.

In economic terms, the switch from bananas to African palm is the most dramatic example of a trend toward agricultural diversification in Costa Rica, which has long depended on banana and coffee sales for more than half of its export income.

In a parallel development, coffee farmers in the rugged central highlands are planting new crops to protect themselves from the vagaries of the international commodities markets. Fluctuating between a peak of \$3 a pound five years ago to a low of less than 90 cents a pound last year, coffee is the main source of income for the country's thousands of small family farms, and the unpredictability of the world price has hurt household budgets as much as it has Costa Rica's national finances.

Similarly, in Guanacaste, the arid cattle-ranching district of the northwest, some former pasturelands are now dedicated to such exotic crops as jojoba, yucca and chayote plants.

While these experiments will have little real effect on the volume of coffee and beef exports, the transition to African palm will significantly reduce banana production during the next few years, agricultural experts emphasize. Export earnings will suffer because the palm oil is used primarily to satisfy

local demand for margarine and cooking oil. The social impact of the changeover will also be substantial, as the cultivation of African palm requires less than half the labor force needed to grow bananas.

It is this last factor that has led the palm plantings to be assailed by the Costa Rican left, a posture seen as ironic by some in view of the leftist opposition's long-standing hostility to the export banana industry. But the 20,000-member National Federation of Plantation Workers, linked to the Costa Rican Communist Party and the largest of the banana workers unions, contends that, every time a banana operation switches to palm cultivation, two-thirds of the employees lose their jobs. Other unions estimate job loss at closer to 50 percent, noting that the newest palm plantations are somewhat more labor-intensive, but they also stress the disruptive effect of the change on plantation-centered rural communities.

In protest, many of these recently unemployed banana workers have led squatting invasions of lands owned by the fruit companies, leading the government in one case to offer to purchase and redistribute the occupied tract—a proposal turned down by United Brands.

The government's purchase plan "raised eyebrows and caused indig-

nation" in the private sector, said Richard Johnson, head of United Brands, because it could have set "a very dangerous precedent encouraging other takeovers of private property."

United Brands — the successor corporation of United Fruit, the first of the big banana companies to invest in this first of the Central American "banana republics" — now has 13,500 hectares planted in African palm at Sixoala, but just 9,000 hectares of bananas. Most of this palm is on the Pacific side, where the company Costa Ricans called *mame yamy* first started growing bananas 50 years ago. But disease, blowdowns, rising labor costs and the difficulty of transporting the bananas to their main Atlantic U.S. and European markets caused United Fruit to try a crop switch.

Some analysts point to the militancy of the banana unions as the major factor provoking the change to palm, noting that after last year's 65-day banana strike — the longest in Costa Rica's history — some growers were quoted as saying the banana business was no longer profitable. But, according to Mr. Johnson, his firm's major reason for accelerating the transition is Costa Rica's "prohibitively high" \$1-a-box banana export tax, by far the highest levied by an area producer (Honduras charges 50 cents, Guatemala 25 cents, and Ecuador and Colombia have no tax).

"Our banana tax is far too high," said Roberto Smol, executive director of the Union of Chambers, the largest Costa Rican private sector association. "It could lead the banana companies to pull out, and if they do we'll be left with thousands of jobless and thousands of hectares of tropical desert."

But while Mr. Smol defends the company's "right to do whatever it chooses with its own lands," he shares the fear of many Costa Ricans that the loss of employment and export revenues caused by the palm planting will prove "very negative" in the long run.

Mario Carvajal, the minister of exports, points out that Costa Rica has a significant comparative advantage in palm oil. He said that, although the country is nearing self-sufficiency, it spent about \$25 million last year on foreign purchases of soybean, safflower and corn oils. In three years, when Costa Rica should start becoming a net exporter of cooking oil, the trade balance advantage will more than offset the loss of banana revenues from the former fruit plantations, Mr. Carvajal said.

From the point of view of capital movement, the cultivation of oil palm is definitively positive," he said. But he feels that the loss of jobs "is a social cost that should have been anticipated by the government" when the large-scale switchover began. He still believes, however, that jobs and lands can be

found for most of the displaced workers.

Even the head of the country's largest union federation says that while he "laments" the unemployment produced, "it is better in the long run that the country diversify."

"We have to end this dependency on coffee and bananas," says Miguel Angel Calderón, secretary-general of the Costa Rican Confederation of Democratic Workers.

Not everywhere has African palm cultivation thrown workers off the job, however. In Sixoala, where the government has a 60-percent controlling interest in the PAISSA palm oil business, the bushy, luxuriant African palm stands in fields that had been semi-abandoned banana groves, offering little employment or income.

"I haven't been here long, but everyone tells me this area was a decaying backwater," said Gerardo Campos, who runs the new palm oil processing plant, which employs 25 local workers and can produce 48 tons of oil a day — oil that sells for \$200 a ton.

"There are more jobs here now, and the pay is better," a plant worker said. "Before, these fields were a mess, and now everything is real pretty and organized. Cutting down the oil fruit is hard work, but they say the jobs will be there for a long time."

— WILLIAM A. ORME JR.

Resisting Appeals for Militarization Despite Rising Violence in Region

(Continued From Preceding Page)

often do not have ammunition for. That cannot go on."

Mr. Solano noted that the security force in San José only has 79 patrol cars to tend to 500,000 people. When emergencies arise, the security forces have to commandeer public buses. The new equipment and training should prevent incidents similar to that several years ago in Limón, a Caribbean seacoast town, that clearly showed the ineptitude of Costa Rica's Civil Guard. The guard was rushed to Limón to quell rioting sparked by a banana worker's strike, but the uneasy truce established by the guard's arrival was shattered the first night. Dozens of guardsmen stumbled into the streets from their barracks crying, retching and virtu-

ally incapacitated because a careless guardsman had exploded a canister of tear gas inside the barracks.

Most of the Costa Ricans have received their training at U.S. bases in Panama, but the U.S. government wants to shift the training exercises to Costa Rica. In August, a nine-man training team will begin to teach instructor's courses to selected Costa Rican guardsmen. Several other U.S. military advisory teams will be in Costa Rica to train Costa Ricans in maintenance and repair of their new military hardware.

The U.S. military aid includes \$750,000 for field equipment such as boots and tents. An additional \$350,000 is slated for a new communications network that will en-

able the security forces to talk directly to headquarters in San José and with one another.

About \$280,000 will be spent to repair a helicopter. The rest of the funds will go for 13 outboard patrol boats, 52 four-wheel drive trucks and 30-caliber ammunition, the only lethal hardware included in the package. South Korea has supplied patrol cars; Taiwan sold Costa Rica anti-riot gear; Venezuela provided more uniforms and M-14 rifles; and Israel has sent anti-terrorism advisers.

Most of the new equipment will be used along the Costa Rican-Nicaraguan border. About 3,400 anti-Sandinista guerrillas, led by Eden Pastora, are operating along the border. Furthermore, the Nicaraguan army has violated repeated-

ly Costa Rican territory looking for the rebels. Mr. Solano emphasized that Costa Rica "was not cooperating with the rebels," but he admitted that local Civil Guard commanders "may be looking the other way" when rebel supplies passed through Costa Rica. Mr. Solano pointed out, however, that 82 rebel camps have been dismantled during the last year.

The camps, a wave of terrorist incidents in 1981 and 1982 inspired by Salvadorans, Argentines and Uruguayans, and the lingering concern over Nicaragua's military expansion have dismayed Costa Ricans.

"We are no longer seeing the violence around us," said Osiris Fernandez. "We are part of it."

The terrorist incidents shocked

Costa Ricans more than anything else. Twenty-three incidents including several kidnappings, bombings and the shooting of two U.S. Marines were reported in the country.

President Luis Alberto Fernández responded to the terrorism by asking the people to join in the fight. He authorized the creation of a paramilitary organization, known as the Organization for National Emergencies (OPEN), which has received basic military training.

Mr. Solano insists that the group's members are strictly under control. "No one in Costa Rica is going to tolerate a paramilitary group like the *Mano Blanca* (a ultranationalist death squad in Guatemala)."

While the terrorism created the

most support for increased public security spending, most Costa Ricans simply do not think anything serious is going to happen here. Moreover, they think they will be ready to defend their territory just like they did in 1956 when Anastasio Somoza tried to annex the Guanacaste province to Nicaragua. Thousands of Costa Ricans mobilized almost overnight and held off the invaders. Even the diplomatic security adviser agreed that Costa Rica really had a little bit of wolf behind its sheep's clothing. "People think this is a pacifist country because it doesn't have an army," the security adviser said. "But if Costa Rica is attacked, everyone will jump in their land cruisers, grab their 22 rifles and go racing off to defend Costa Rica."

— GORDON D. MOTT

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INSIGHTS

Former Top U.S. Officials Helping Companies Avoid Iran-Like Risks

By Peter H. Stone

New York Times Service

NEW YORK — Back in November 1979, armed Iranian students stormed the gates of the United States Embassy in Tehran and took 62 Americans — and America — hostage. Although the human drama grabbed most of the headlines, it quickly became clear that more than political fortunes were being dashed in the upheaval. The economic warfare that ensued also dealt a devastating blow to many U.S. banks and businesses, which had billions of dollars invested there.

Since Iran, other crises abroad — from the political turmoil in El Salvador to the economic instability of Brazil — have further shaken the corporate confidence of many multinational corporations.

"You can't be complacent about investments anywhere," said Robert O. Anderson, officer of the Atlantic Richfield Co. "Mexico is the latest case in point. Two or three years ago it looked like a sure financial success, but now it's just the opposite."

Arco, Mr. Anderson said, "sustained some rather substantial losses in Iran."

Sensitive Information

Enter the political risk consultant. To help prevent similar losses in other trouble spots, a growing number of businesses — including Arco, the Bechtel Group Inc., Goldman, Sachs & Co. and Chase Manhattan Bank — are turning to former U.S. intelligence agents and high-ranking military and government officials for assistance in planning and assessing risks to business ventures in various parts of the world. It is an arrangement clearly based on access to foreign leaders and to sensitive — and possibly secret — information that these consultants gained in government service.

Old foreign policy hands such as Henry A. Kissinger, the former secretary of state, and Brent Scowcroft, a retired Air Force general who was Mr. Kissinger's deputy and later his successor as national security adviser, hung out their shingles as international business advisers last year.

"We tell clients who the reliable people are in each country," said Mr. Kissinger of his consulting company, Kissinger Associates Inc., whose clients include about 20 multinational corporations. "Companies have asked our advice on the Middle East, Europe and Central America."

With Mr. Kissinger's recent appointment to head a bipartisan commission on U.S. policies in Central America, he has taken a six-month leave from the company to avoid the appearance of a conflict of interest. Several of his clients, such as Merck & Co., Chase Manhattan and Arco, have operations in Latin America.

Intelligence Veterans

That relatively new and potentially lucrative profession is also crowded with intelligence community alumni. Two former directors of the Central Intelligence Agency, William E. Colby and Richard Helms, are actively involved in the fledgling field. Ray S. Cline, a former station chief for the CIA in Taiwan and the agency's former deputy director of intelligence, is now a risk consultant for about six multinational companies.

And a leading British company, Control Risks, opened a U.S. office in Bethesda, Maryland, in 1982 under the direction of Peter Goss, a former British intelligence agent in India and Northern Ireland, and Karl Ackerman, a former director of intelligence at the U.S. Department of State.

But the involvement of former public officials, such as Mr. Kissinger, and veteran agents, such as Mr. Helms and Mr. Colby, has raised questions about conflicts of interest and revolving-door employment in the intelligence business. It is probably more commonly associated with generals and lawyers who trade on their experience in the military or government regulatory agencies.

"The growing use of former intelligence officials makes some of us a little nervous," acknowledged Gordon Rayfield, a risk analyst for General Motors Corp. and past president of the Association of Political Risk Analysts, an indus-

try group he helped form in 1980. "It casts a shadow on the whole field."

Still, demand is booming. "From 1977 to 1980, I probably sent about 20 retiring CIA analysts to political risk consulting firms," said a former placement officer for the CIA. "We had operations officers, too, who had backgrounds that were transferable to the private sector."

CIA Secrecy Oath

Although the experience of former CIA agents and the world of risk consulting mesh well, there could be a catch: The CIA requires former employees to abide by a secrecy oath.

Under the terms of that agreement, each CIA employee is required to submit for review all written materials that "bear on knowledge obtained while an employee worked at the CIA," said Dale Peterson, press spokesman of the agency. In recent years, the CIA has looked vigorously at books being written by former agents.

But Mr. Peterson is not aware that any former employee now writing risk reports has submitted them for review before presenting them to a private employer.

"I don't know how we can monitor this kind of activity," he said.

Mr. Helms said: "That's something for the agency to decide," when asked whether he was bound by oath to submit reports for prior approval.

Many of today's risk consultants provide written reports, hold seminars and conduct regular briefings with executives about the advantages and pitfalls of doing business in such troublesome regions as the Middle East and Latin America. Others, however, go far beyond the boardroom's involvement with the bottom line and become actively engaged in dealing with such palpable dangers as kidnapping and extortion.

When it comes to the superstars, such as Messrs. Kissinger, Helms and Colby, their personal knowledge of foreign leaders is probably as appealing to business as their advice. In any case, risk analysis does not come cheap: Fees start at a few thousand dollars and sometimes exceed \$100,000 per assignment.

Effect of Iran Crisis

Despite corporate fears about overseas investment in some regions of the world, direct foreign investment abroad by U.S. companies has slightly outpaced inflation in the past decade, rising to about \$234 billion in 1982, from less than \$90 billion in 1972. But since the Iranian crisis, overseas investment has actually dropped by 5 percent, after adjusting for inflation.

Meanwhile, international competition — first from Japan and now from many smaller, newly industrialized nations in Southeast Asia — has further eroded some U.S. economic vitality in foreign markets.

So, it is not surprising that U.S. multinationals are looking for as much help as they can find. According to a U.S. Conference Board study, two-thirds of all U.S. corporations with more than 25 percent of their sales abroad in 1980 had established in-house political risk departments; and about two-thirds of U.S. companies with operations in more than 20 countries had done likewise.

To pool the resources of the nation's risk consultants and help refine techniques, the Association of Political Risk Consultants was founded by Mr. Rayfield of General Motors, among others. The group now claims 375 members.

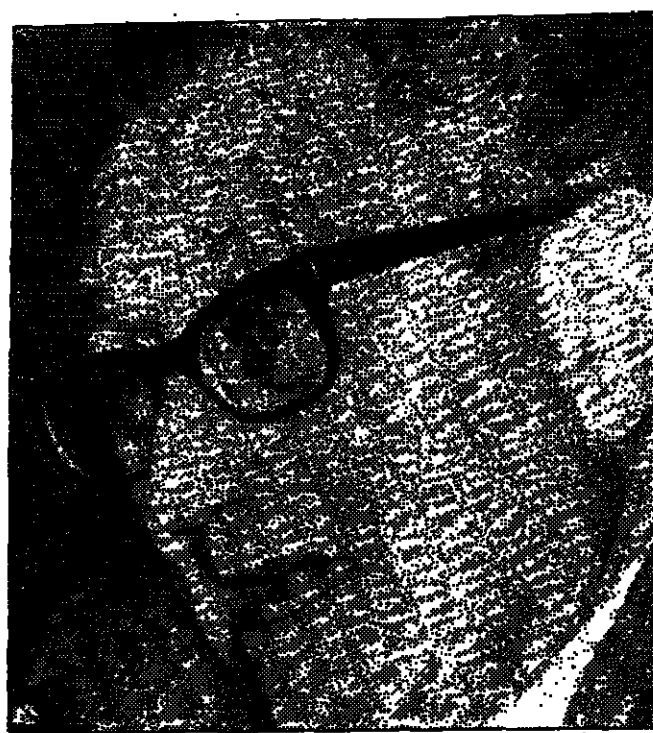
At some of the larger multinationals such as the Xerox Corp. and the Exxon Corp., there is a tendency to use both in-house analysts and regional managers, as well as outside risk advisers on a free-lance basis to provide supplementary opinions.

"They provide a safety net for our internal studies from managers around the world," said Dan Sharp, director of international relations for Xerox. One chief executive even admitted that receiving consulting advice from former intelligence agents is "just plain comforting."

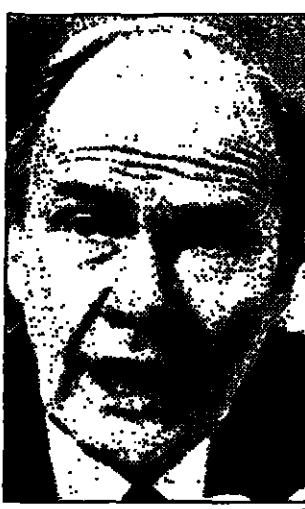
Among those who are consultants to businesses on political risk are, clockwise: Henry A. Kissinger, former U.S. secretary of state; Ray S. Cline, former CIA deputy director; Brent Scowcroft, former national security adviser, and Richard Helms, former director of the CIA.



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More than psychological solace, however, is provided at Kissinger Associates.

"We stick to foreign policy and economic policy," said Mr. Kissinger, whose company has offices in New York and Washington. "We might rank countries in terms of stability for clients," he added.

Mr. Kissinger, who is on the international advisory board of several major multinationals, including Chase Manhattan, Goldman, Sachs and Merck, said his company "may make introductions for clients occasionally" but generally will not travel with them overseas.

In one case, however, he recalled that "we did go with a client to Europe to assess an investment." The company's services, which mainly entail personal consultations with executives, cost \$100,000 — with or without Mr. Kissinger's own involvement.

Is the fee too steep?

"Americans have always been rather naive about world trade," said Mr. Anderson of Arco, who is both a board member and a client of Kissinger Associates. "You can't quantify political risk. It's judgmental."

While Arco is primarily a domestic oil company with about 95 percent of its operations in the United States, it does have small investments in politically sensitive areas, such as Mexico.

"If Kissinger helps us once in five or 10 years," Mr. Anderson said, "he will have earned his fees. We don't expect any immediate results or miracles. It's more a preventative than a touchstone to trade."

The role of Mr. Kissinger and his firm, however, varies considerably from company to company.

At Merck, for instance, he has been "very valuable in corroborating our own information," said William Van Buren, the drug company's treasurer. Merck already has its own European Advisory Council — which includes Mr. Kissinger — to help assess foreign investment opportunities and opportunities. "Mr. Kissinger can interpret for us what election results may portend in a given situation," continued Mr. Van Buren. "He helped us with France under Mitterrand," he said, and added: "We've gone forward there carefully."

Mr. Helms's company is a one-man operation, which at first had only one purpose.

"I was trying to create business in Iran for United States companies when I founded Safer in 1977," said Mr. Helms, the former director of central intelligence and one-time ambassador to Iran, referring to his own risk analysis company. He is now employed by Bechtel, one of the world's largest construction and engineering companies, as a consultant for Middle East investments, along with Parker Hart, a former ambassador to Saudi Arabia and Turkey who is also an independent consultant. Mr. Helms declined to discuss his fee structure.

Safer, named for the Persian word for ambassador, plays a "kind of confirming role" to Bechtel's own internal reports, said Mr. Helms. Safer is used particularly for its advice on Iran and Egypt: "Because they're steeped in these areas, they know the fellows running the govern-

ment and keep up with the treaties," said S.P. Giambra of Bechtel.

"As we've dealt more with foreign governments, we've needed more information," continued Mr. Giambra. Bechtel's foreign business has more than doubled in the past decade — making risk considerations a growing corporate priority. Mr. Giambra noted, for example, that in Saudi Arabia the company is now building the King Khalid Airport in Riyadh and serving as project manager on construction work in the city of Jeddah; and in Egypt, it is working on several power plants.

Colby's Part-Time Job

With projects such as these, which can take two to five years to complete, there can be substantial "demobilization costs," another Bechtel executive said, if the work is halted in progress by a political or economic upheaval.

Mr. Helms described his approach to risk consulting as one that is "tailored to the particular needs of each company in each country." But he conceded that "the more people who get into risk analysis, the more questions there are about who's right and who's wrong." He readily acknowledged that his government experience does not necessarily make him "any more qualified to do risk consulting than private-sector or academic training."

Another former director of central intelligence, Mr. Colby, is now spending about half his time as senior adviser in the political assessment and risk division of International Business Government Consultants Inc., a small general

consulting company in Washington. Mr. Colby, who spends the other half of his time as an attorney, said of risk consulting: "Private intelligence has been around a long time, but now middle-sized firms that weren't as concerned with politics have become more interested. Now they see the impact of faraway developments increasing."

Mr. Colby said the company's custom-tailored reports — which can cost from \$20,000 to \$100,000 — examine "critical" government investment policies on such issues as tariff regulations, tax laws and incentives. The company will also investigate macro-economic issues and long-range political goals.

Chile, for example, is the subject of a forthcoming study. Mr. Colby said the company would be paying particularly close attention to the future role of the Chilean Army and prospects for a resurgence of the left. He believes that those two issues are critical barometers to further corporate investments there, especially in light of the widespread protests against the military regime of President Augusto Pinochet.

Mr. Colby said that some countries that are allies of the United States and relatively stable can still pose problems for U.S. investors. "For example, Canada is very stable," he said. "There are not going to be revolutions. But they passed a number of import laws that affect American business adversely."

A More Active Role

Although much of what the company does is accomplished behind a desk, some risk consulting companies play a far more active role in corporate counseling, and their advisers act more like agents out of a James Bond novel than political analysts.

Control Risks, which started out dealing primarily with security problems for companies operating abroad, is a case in point. Mr. Goss, its director of operations in Maryland, said it is concerned with the whole "spectrum of risk factors," and its services for about 200 U.S. clients include what he calls "information," "prevention" and "response."

Control Risks says its consultants have so far been involved in 100 kidnapping negotiations — more than any other company of its kind. Although Mr. Goss would not reveal the names of his U.S. clients, some of whom receive a monthly report on political conditions in 62 countries, he did say that Control Risks is on a retainer with Lloyd's of London to handle ransom and kidnapping negotiations.

"We try to educate companies about what they're going to find when they get to a country where there is violence," said Mr. Ackerman, who joined the business last year after 30 years with the State Department. "They may also want training and protection for bank managers. We sometimes suggest hardware for companies if it's requested." He said Central America has been the principal concern of many of the company's clients these days.

Control Risks has a basic crisis-consulting fee — about \$1,200 a day. A complete package, for \$6,000, is described in a brochure this way: "In the event of a kidnapping or extortion incident, whether a person, product or asset is threatened, Control Risks' consultants will be immediately available to assist. Once deployed, consultants are supported by the research and analysis staff of Control Risks in London."

Its prevention services include seminars to train executives going overseas and "security coordinators" — or bodyguards — for VIP parties traveling to high- or medium-risk countries," Mr. Goss said.

"Businessmen just never thought of themselves as targets until recently," Mr. Ackerman said.

And now that they have, there is plainly no shortage of people willing to sell them advice and political connections.

"Almost anybody can hang out a shingle these days and claim to be a political risk expert," quipped Thomas Rockford, a former analyst at the CIA who now runs Rockford International, a private risk consulting company. "Flyers proclaim: 'Use us and you'll never be bothered by an Iran again.'"

World's Growing Dependence on Computers Raises Risks of Error and Sabotage

First of two articles.

By Andrew Pollack

New York Times Service

NEW YORK — In late 1979 an Air New Zealand jetliner crashed into a mountain in the Antarctic, and all 257 persons on board were killed.

A commission investigated the accident and concluded that a major cause was that the computerized flight plan fed into the aircraft's automatic pilot system had been changed prior to the flight without the pilots' knowledge.

The pilots, relying on the computer instructions and unable to see clearly, thought they were over water when actually they were heading toward the mountain.

The accident was perhaps the first in which reliance on computers helped lead to death, but computer scientists say it probably will not be the last.

Medical Computer Reprogrammed

As computers take on more roles in everything from business and transportation to medicine and national defense, society is becoming more vulnerable to the risk of computer failures and computer errors.

Those errors could be accidental, or they could be the result of a deliberate attempt to alter a computer's programs or data.

The latter threat was demonstrated by last week's disclosure that one or more young men had gained access to and reprogrammed a computer that contained radiation-therapy records of patients at the Memorial Sloan-Kettering Cancer Center in Manhattan.

The risks of dependence on computers have begun to draw attention from government agencies, particularly in Europe, and from scientists, some of whom are urging more study.

"The disaster has not happened," said Willis H. Ware, a scientist with the Rand Corp. "We don't know if it will happen. But the consequences are so severe that we ought to think of them."

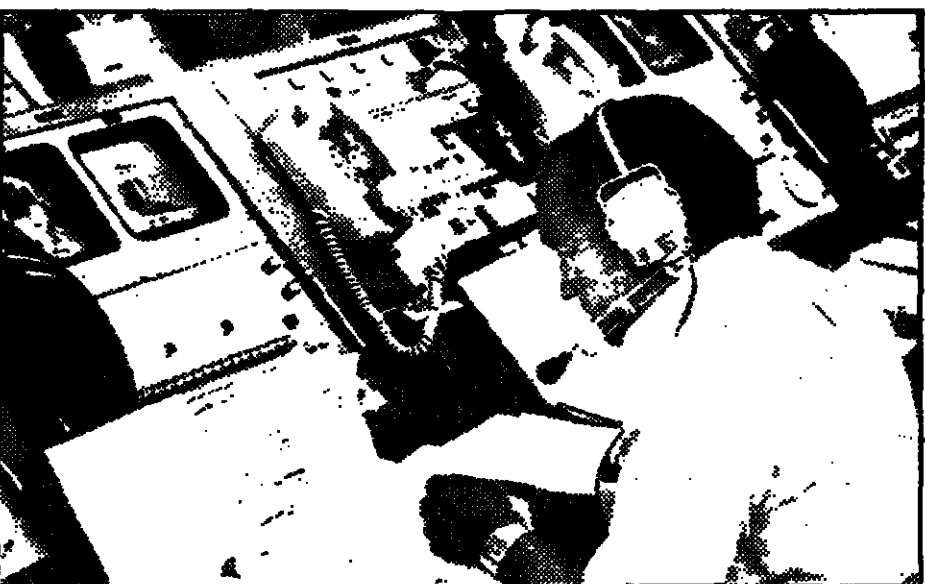
Mr. Ware was a member of a committee of American computer scientists who recently examined the issue.

Experts say the dependence on computers poses new technical challenges in designing computers that do not fail and raises legal questions, such as establishing liability for a computer error.

"How do you test out these systems in advance?" asked Lance Hoffman, a professor of computer science at George Washington University. "Can we at least build them so that, when they fail, the results will not be catastrophic? I have my doubts."



The New York Times



United Press International



The New York Times

Computers are used by an airport flight controller, left, to monitor a space shuttle flight at Cape Canaveral; and at a hospital to handle phone calls.

There are several types of risks involved. If the computer is disabled, it can entirely halt certain activities. That could cause great monetary loss, as in the case of an airline reservation system that is disabled, and perhaps even loss of life as computers are increasingly used in critical situations.

Air Traffic Computers Fail

Aging air traffic control computers in the United States have failed many times and have been cited by controllers and congressional investigators as posing a danger of airborne collisions.

Yet another danger is that a computer, because of a programming or data error, will continue to operate but will give wrong results. Amtrak, the National Railroad Passenger Corp., once turned away thousands of customers because its computers erroneously said all seats had already been taken.

A report by the General Accounting Office, the investigative arm of Congress, says that improperly programmed electronic medical instruments have resulted in wrong diagnoses and at least one death.

Perhaps the most frightening incidents occurred in November 1979 and June 1980 when national defense computers erroneously reported that the United States was under attack, and

the armed forces were put on alert. In each case, however, the error was discovered within minutes.

Still another potential threat is computer crime — in which information in a computer is manipulated to harm a company or to steal money, which is increasingly being stored and transferred as electronic blips.

"The computer is now the vault," said Doug B. Parker, an expert on computer crime who works for SRI International, a consulting firm in Menlo Park, California.

Personal data are also stored in computers, and some experts say the growth of such data banks threatens personal privacy and loss of liberties.

A Warning From Sweden

The alarm was first sounded by Sweden's Ministry of Defense, which in 1977 formed a committee to study the situation. It found that "vulnerability is unacceptably high in today's computerized society."

In 1981 the Swedish government appointed a "vulnerability board" to determine measures to reduce the risks of computer disruptions or misuse. One alternative is to license major computer installations.

The committee's work is to be completed next year.

The Organization for Economic Cooperation and Development, the Paris-based assembly of industrial nations, is also looking at computer vulnerability.

In the United States, the Office of Technology Assessment, a congressional research agency, noted the risks in a 1981 report on computerized information systems.

"Societal dependence on the uninterrupted operation of large information systems will increase, along with potential societal loss from their interruption," the report said.

Panel discussions on the topic have been held in the last two years at the National Computer Conference, the main U.S. computer meeting.

And the American Federation of Information Processing Societies, an umbrella group of computer professional societies, formed a committee to look at the question.

The committee, which released its report earlier this year, found that American society was not overly vulnerable as a result of its reliance on computers.

Indeed, it said, society was "resilient" because it had many different transportation networks, banks and other necessary systems, so that a computer failure disabling one such system would not necessarily threaten the nation.

But the panel conceded that it had taken only

a cursory look at the problem and that more study was needed.

Virtually nobody challenges the fact that computer malfunctions can cause local disruptions. The American Federation panel called it "likely indeed" that a highly publicized disruption might occur — such as the failure of a bridge or a building because of an error in the program that was used to design the structure.

What is in dispute, however, is whether such problems could spread nationwide.

The American Federation committee, for instance, confined itself to trying to think of ways in which a computer malfunction or misuse could cause a national disaster or endanger national sovereignty.

Could an enemy manipulate an electronic funds transfer system to drain money out of the United States and destroy the national economy, as some computer security experts have suggested?

Could computer error or terrorist attacks cause a vast blackout or disrupt transportation and communications?

The debate over computer dependency is coming to resemble that over the safety of nuclear power. In both cases there is the danger of a catastrophe occurring, but in both cases the probability of such an accident is extremely low and extremely difficult to quantify.

Banking, of course, is highly dependent on computers for maintaining records and transferring funds. The spread of automated teller machines and home banking by personal computer will increase this dependency.

Products of all sorts, from airplane wings to buildings, are being designed with computers, and factories are being run by computers.

The U.S. government is also highly dependent on computers, and there have been well-publicized problems in some vital computer systems. The Social Security Administration's computers are antiquated and threaten the distribution of benefits.

A House Government Operations Committee report last year described the computers as being "on the brink of disaster."

Computer failures can be caused by many things, from nuclear explosions to carpet static, as well as equipment failures or programming errors.

The Swedish vulnerability board and American experts mention several vulnerabilities, including these:

• Acts of terrorism. There have been at least 30 attacks on computer facilities in Europe since 1978, with some of them being blown up, according to Mr. Parker of SRI.

• Criminal acts. Criminals can infiltrate computer systems to steal money or data or to sabotage a company's operations. Sometimes "logic bombs" or "time bombs" are used. In such attacks, harmful computer instructions are planted in a larger, innocuous-looking program.

• Natural disasters. Fires, floods and other accidents can wipe out an entire computer operation.

• Loss of manpower. Reliance on computers can also mean reliance on a handful of people who understand how the system works.

Public-employee unions in Britain have found that strikes by a small number of computer workers can be far more disabling than strikes by larger numbers of other workers. One such strike in 1981 severely reduced tax collections.

• Foreign reliance. Of particular concern to Sweden is the fact that it is dependent to a large extent on foreign suppliers for vital computers. That would allow another nation to exert influence on Sweden. Such reliance on foreigners is less of a concern in the United States.

• Acts of war. Computers and communications would be subject to disruption in wartime. One threat is of a high-altitude atomic explosion that would create an electromagnetic pulse that could wipe out virtually all computer and communications facilities.

Next: Companies take steps to survive computer disasters.

ARTS / LEISURE

'Videos,' Cable TV Spur New Industry

By Ellen Farley

LOS ANGELES — Olivia Newton-John used to be known mainly as the demure, ethereal singer of such wistful romantic ballads as "I Honestly Love You." But then she did a three-minute videotape of a driving rock 'n' roll song, "Let's Get Physical," in which she portrayed a slightly kinky gym instructor strutting through a workout with a group of hopelessly overweight men.

The "video," as such taped musical performances are called, played repeatedly last year on cable television and boosted Newton-John's career by helping her project a sexier, more aggressive image. "It was a great way to show my change in music — and physically," she says.

Her experience reflects the dramatic emergence of a new art form and a new industry. Videos have suddenly attracted a young, giving pop musicians a new way of reaching the public and affording would-be film and TV artists a new medium. The three-to-five-minute programs now are widely supplied by music companies to showcase performers and their newest or most popular songs. While some are merely standard stage performances by musicians playing or, in most cases, lip-synching their tunes, the trend is increasingly toward so-called "conceptual" videos — mini-movies, featuring actors, dancers, exotic locations and elaborate special effects.

The trigger for the explosion of interest in videos has been the rise of Music Television, or MTV, which is devoted almost entirely to videos. As cable television's answer to a national radio station, MTV broadcasts local "n" roll videos 24 hours a day via local cable outlets serving 14 million homes.

"Kids today are turning on MTV instead of the radio and leaving it on all day," Newton-John says. "It's a whole new era."

Rachel Abrams, 13, of Los Angeles, says that she doesn't keep MTV on all day. But she does admit to 60 to 90 minutes of daily viewing. Videos, she says, are more entertaining than radio. "I like TV and I like music, and the videos put them together," she explains.

The video phenomenon, moreover, has now moved well beyond MTV. A variety of video-related products and programs are capturing the imagination — and dollars — of young music fans. There are video jukeboxes, video nightclubs,

even music video talent agents. Sony Corp. is marketing "Video 45s," 10-to-15-minute stereo music videotapes that retail for under \$20 in the United States.

In the record business, the videos are often called "promos" because their purpose is to promote record sales.

In the United States, radio air play continues to be the most influential factor on record sales, but according to GFI Friesen, president of A&M Records, "if you could say in 1975 that radio [was] 99 percent of what you [needed to launch] a record, now it's 89 percent of what you need."

Grading, in-person, tours have become less important. In fact, thanks in part to the exposure of its artist roster on MTV and other video outlets, A&M's budget for tours for its performers this year is half what it was four years ago, Friesen said.

Moreover, according to Richard Blade, the morning deejay at KROQ, Los Angeles's No. 1-rated music radio station, "Video has had the power to force new music on radio because suddenly the kids can visualize how cute the boys in the band are."

Blade co-hosts MV3, a video music show that originates in Los Angeles and is syndicated in 33 other cities. "We find that when MTV or MV3 goes on the air with a new band, the next day the phones at the radio station will ring off the hook with kids saying, 'Please play that song,'" he said.

Most other major cable networks now offer shorter video programs. More than 200 local television stations have jumped on the bandwagon, with shows ranging from the NBC network's offering, "Friday Night Videos," to a Sacramento UHF station's "Capital Rock," which features a combination of live rock acts and taped videos.

The surge has led some in the music industry to compare the video phenomenon to such cultural landmarks as the introduction of sound films or television's early days.

Whatever the ultimate cultural significance of the video, its emergence is clearly reshaping the face of the music business, helping some of its practitioners who are adept at the visual to leap to the fore. And it is creating an altogether new entertainment specialty, video production, that combines some of the elements of TV commercials, movies and records.

The business of making videos,



Olivia Newton-John: A sexier, more aggressive image.

originally centered in London, is steadily flowing to Los Angeles.

Although it took American television to create the suddenly massive demand for videos, those who reaped most of the early benefits were foreign bands and production companies.

Then, in August 1981, MTV was launched by a joint venture of Warner Communications Corp. and American Express Co., and the almost overnight takeover in popularity of videos in this country. Videos of established American performers were in such limited supply that MTV had to rely on videos of foreign groups.

It did not take American record companies and artists long to react. Their demand for videos quickly led several of the British production companies to set up U.S. branches, and there are now at least 26 domestic companies, most of them in Los Angeles.

The cost of producing promos is rising rapidly and now averages around \$35,000 per video. Superstars, moreover, are likely to spend in six figures for their videos. For example, the video of the Paul McCartney-Stevie Wonder song duet, "Ebony and Ivory," cost between \$300,000 and \$400,000, according to its producer, Keefus Johnson Wiener.

Typically, the video's cost is split between the record company and the musician, with the relative shares subject to negotiation. The bigger the star, the more money the record company is likely to put up. "It used to be that you demonstrated your commitment to a record artist with a billboard on Sunset Boulevard. Now it's a \$100,000 video," said Friesen of A&M Records.

The videos themselves defy easy description. They tend increasingly to the surreal and the bizarre, often with quick intercutting of seemingly unrelated images.

"Let's Dance," the hit song by

David Bowie, was taped in the Australian outback and in Sydney. In one sequence, the actor-looking singer, stylish in a three-piece suit, stands by while a teen-age boy, resembling a Third World refugee, struggles with a huge piece of machinery. Then, a girl tries to scrub a busy city street with a bucket of water and a brush, while angry motorists berate her. The boy and girl look in at each other at a restaurant when they are served a flambe dish. Then, they stomp on a pair of new red shoes and wind up dancing barefoot on a ridge in the red glow of sunset.

There is no dialogue. Viewers are left to draw what connections they choose between what they see on the screen and the music and lyrics they hear.

Not all videos are so complex. Many cut back and forth between views of the singers, wielding guitars, drums and other instruments, and such scenes as actors toasting each other meaningful glances in a cabaret or dancers gliding down a street. Some provide no views of the singers or musicians at all.

Indeed, the elaborate choreography in many videos, such as Michael Jackson's "Beat It," is opening up some important new job opportunities for dancers, says Tony Basil, himself a dancer and choreographer. As a result of videos, he says, "the good dancers are eating now."

Like major motion pictures, rock videos have producers, directors, writers, editors, film crews and technicians. But because the budgets are a fraction of what it costs to make a typical feature film, television series or even a commercial, it is relatively easy for newcomers to break into the field.

"For the young filmmakers of tomorrow, there's never been an opportunity to flex your muscles and learn like this videos," said Jerry Kramer, a Los Angeles producer who has been making videos for the foreign market since 1977.

And invariably the bowling tro-

'Agnes of God': A Supremely Competent Thriller

By Sheridan Morley

International Herald Tribune

LONDON — To the Greenwich from a long and triumphant New York run has come "Agnes of God," neatly reflecting almost all of Broadway's current obsessions with the Roman Catholic Church, psychoanalysis and the mentally or physically disabled. Out of "Equus" by "Song of Bernadette" and "The Exorcist," "Agnes of God" has it all: singing nuns, virgin births, murder, guilt, hypnosis, child abuse and the stigmata all neatly packed into a supremely competent thriller which seems to lack only a personal appearance of His Holiness at the final curtain. It is supremely confidently played by a cast of three women (Honor Blackman as the mother superior, Hilary Reynolds as the virgin nun with the dead baby, and Susanah York as the psychiatrist sent by an understandably bewildered court to sort out the whole mess) and will I suspect go on from Greenwich to a year or two in the West End.

There seems to me no reason why a contemporary dramatist should not build a new play upon the structure of an older one, though both author and play need to be as good as Tom Stoppard and "Rosencrantz and Guildenstern" if they are to avoid some potentially disastrous comparisons.

In "Cowardice," newly arrived at the Ambassadors, Sean Mathias has decided to grapple with the shadows of Noel Coward and Gertrude Lawrence, as recalled from "Private Lives," and

at this point I had better declare the special interest I have in that, as one of the guardians of the Coward estate. But there is no problem of plagiarism or copyright here, nor do I see in principle any reason why Coward should not be used as the kind of raw material that Stoppard found in Shakespeare.

So much for principle. In practice, the problem arises in what Mathias has chosen to do with his 1930s material. At first, he seems intent

THE LONDON STAGE

on a straightforward parody: The curtain rises on a seedy Peckham flat where Ian McKellen, as a failed dramatist, is to be found at the keyboard attired in regulation silk dressing-gown, tinkling the kind of sub-Coward song that Alan Melville used to do occasionally for satirical revues circa 1955. But a stunningly inaccurate program note (which credits Lawrence with a nonexistent third husband and assumes that she and Coward never worked together after 1935) should already have alerted us to the fact that we are not to expect historical truth, though precisely what we are to expect remains unclear. The same program note, with alas more accuracy, notes that unemployment is now around the 3 million mark and that fact is also given by an onstage radio, as though Mathias has some subliminal message to offer about Margaret Thatcher as a cowardly lion.

Here we are in a world vastly closer to Giles Cooper, dealing with themes of childhood fas-

tasy and adult failure that were never of any remote interest to Coward. But not only has Mathias therefore chosen the wrong playwright for his model, he has also chosen the wrong actors to play it. The idea of Ian McKellen and Janet Suzman, two of the most immensely starry, successful, versatile and talented players in the modern British theater, being even faintly believable as a couple of down-at-the-heel, unemployed failures locked together by an accident of birth, is one of the few laughable things about a wildly misconceived evening.

One all-too-brief scene in which Suzman goes back to bed with an old actor-knight (beautifully played by Nigel Davenport) suggests that a much better play might have been had Mathias been able to forget all about Coward and indeed Orton and give us instead a new play about current ideological splits within Equity, but all too soon we're back in the Peckham flat where McKellen is now receiving visitations from Coward himself — not, alas, visible to us, though after Ustinov as Beethoven, you never know your luck. From there on we speed rapidly downhill, despite Anthony Page's elegant direction, into a late-night TV thriller as McKellen finally gets to meet his non-Coward maker. By then, however, the play itself has long since predeceased him, and it is a think a disservice to Mathias that his star's bizarre enthusiasm for this early and half-ready piece brought it so rapidly to West End exposure instead of leaving it in a regional theater studio where it might in a dud week or a generous moment have been labeled promising.

'We Have This Wine Given to Grandfather...'

By Frank J. Prial

New York Times Service

NEW YORK — One might expect that most of the mail coming across this desk would be contentious, taking issue with comments on vineyard and such. While there is quite a bit of that, the single theme repeated most often goes something like this:

"We have a bottle of wine that was given to my grandfather some time before World War II [or Korea, or the battle of Antietam] and we were wondering where we could sell it and for how much." Usually the label is laboriously copied out or, in some instances, faithfully sketched.

These letters are usually triggered by stories about wine auctions. It's understandable: Reports of a single bottle of Chateau Lafite-Rothschild bringing \$10,000 or more would make anyone greedy. But such prices are rare exceptions — which is why they make the newspapers. What most people find stashed away in the sideboard is just a bottle of wine.

There are, apparently, thousands of these bottles hidden away in closets with the Christmas ornaments and old bowling trophies. And invariably the bowling trophies

are going to be worth more. No knowledgeable wine enthusiast — and certainly no wine retailer — is going to buy a bottle that has been sitting in a closet for a few decades. The wine has almost no chance of being drinkable. A gambler might take a chance if the label is famous but most of the bottles mentioned in the mail here seem to have cost about \$1.39 when they were new.

It is of course illegal to sell wine or liquor in almost every state without a retail liquor license. People who advertise wine collections in newspaper ads usually get a telephone call from a state liquor regulatory agency warning them that such a sale will break the law. This doesn't affect the lively black market among collectors who swap bottles and cases of wine to round out their cellars. But they are not interested in something someone has been keeping in the back of the closet for 20 years.

The easiest way to determine the value of a bottle of wine is to ask a knowledgeable retailer. If the bottle really is worth something, he may know someone who'd like to buy it.

And then there is a note from a

man in Loudonville, New York, who says that the "legs" in a glass of wine, the lines of colorless liquid making their way down the inside of the glass after the wine has been swirled, are not glycerin, as I had thought.

"The correct explanation, first suggested over a century ago," writes Henry Finder, "is more complicated and still not understood in all its intricacies. What it involves is uneven alcohol concentrations in the glass of wine."

"Since alcohol is more volatile than water, the alcohol concentration at the surface, where evaporation occurs, is lower than elsewhere. This is particularly the case at the interface between the surface and the wetted glass. What's important is that where the concentration of alcohol diminishes, the surface tension increases (alcohol lowers the surface tension). And it's that increased surface tension that causes a film of liquid to creep up the side of the glass, bringing more wine with it. As this film creeps up, it causes in turn those downward rivulets — legs — to appear."

"Thus," Finder goes on, "the legs of a glass of wine have to do with the alcohol content, not the glycer-

in. Which is why you can get impressive legs with a glass of vodka — or for that matter, a suitable mixture of rubbing alcohol and water."

The last is not recommended for drinking, great legs notwithstanding.

Des Moines Leads U.S.

United Press International

DES MOINES — A book to be published this fall says there are more Playboy and Penthouse magazine subscribers in Des Moines, for its population, than in any other city in the United States.

"The Book of American City Rankings," published by Facts on File Inc., examines the 100 largest U.S. cities. Des Moines is 74th in population and 61st in area.

"This does not mean Des Moines is the porn capital of the country," said Dr. John Tepper Marlin, one of the authors. "I think the explanation may be that a lot of people in the Des Moines area read a lot of magazines." he said. There were 85.6 subscribers to those magazines per 1,000 population in the Des Moines area, he said.

NYSE Most Actives					
Stock	Vol.	High	Low	Close	Chg.
AT&T	12,340	24 1/2	24 1/4	24 1/2	+ 1/4
IBM	11,720	120 1/2	120 1/4	120 1/2	+ 1/4
General	8,511	7 1/2	7 1/4	7 1/2	+ 1/4
IBM	8,111	7 1/2	7 1/4	7 1/2	+ 1/4
IBM	7,111	7 1/2	7 1/4	7 1/2	+ 1/4
IBM	6,111	7 1/2	7 1/4	7 1/2	+ 1/4
IBM	5,111	7 1/2	7 1/4	7 1/2	+ 1/4
IBM	4,111	7 1/2	7 1/4	7 1/2	+ 1/4
IBM	3,111	7 1/2	7 1/4	7 1/2	+ 1/4
IBM	2,111	7 1/2	7 1/4	7 1/2	+ 1/4

Dow Jones Averages					
Index	Open	High	Low	Close	Chg.
Industrial	1,234.56	1,235.67	1,233.45	1,234.56	+0.10
Transport	234.56	235.67	233.45	234.56	+0.10
Utility	345.67	346.78	344.56	345.67	+0.10
Composite	456.78	457.89	455.67	456.78	+0.10

NYSE Index					
Index	Open	High	Low	Close	Chg.
Composite	1,234.56	1,235.67	1,233.45	1,234.56	+0.10
Industrial	234.56	235.67	233.45	234.56	+0.10
Transport	345.67	346.78	344.56	345.67	+0.10
Utility	456.78	457.89	455.67	456.78	+0.10

Tuesday's NYSE Closing					
Vol.	4 p.m.	4:00 p.m.	4:15 p.m.	4:30 p.m.	4:45 p.m.
Vol.	1,234,567	1,235,678	1,236,789	1,237,890	1,238,901
Vol.	234,567	235,678	236,789	237,890	238,901
Vol.	345,678	346,789	347,890	348,901	349,012
Vol.	456,789	457,890	458,901	459,012	460,123

AMEX Diaries					
Index	Open	High	Low	Close	Chg.
Advanced	123.45	124.56	122.34	123.45	+0.10
Declined	234.56	235.67	233.45	234.56	+0.10
Unchanged	345.67	346.78	344.56	345.67	+0.10
New High	456.78	457.89	455.67	456.78	+0.10
New Low	567.89	568.90	566.78	567.89	+0.10

NASDAQ Index					
Index	Open	High	Low	Close	Chg.
Composite	1,234.56	1,235.67	1,233.45	1,234.56	+0.10
Industrial	234.56	235.67	233.45	234.56	+0.10
Transport	345.67	346.78	344.56	345.67	+0.10
Utility	456.78	457.89	455.67	456.78	+0.10

AMEX Most Actives					
Stock	Vol.	High	Low	Close	Chg.
Amstar	12,340	24 1/2	24 1/4	24 1/2	+ 1/4
Amstar	11,720	120 1/2	120 1/4	120 1/2	+ 1/4
Amstar	8,511	7 1/2	7 1/4	7 1/2	+ 1/4
Amstar	8,111	7 1/2	7 1/4	7 1/2	+ 1/4
Amstar	7,111	7 1/2	7 1/4	7 1/2	+ 1/4

12 Month High Low Stock Div. Yld. PE					
High	Low	Stock	Div.	Yld.	PE
123.45	123.45	AA	1.23	4.5	15.0
123.45	123.45	AA	1.23	4.5	15.0
123.45	123.45	AA	1.23	4.5	15.0
123.45	123.45	AA	1.23	4.5	15.0
123.45	123.45	AA	1.23	4.5	15.0

12 Month High Low Stock Div. Yld. PE					
High	Low	Stock	Div.	Yld.	PE
123.45	123.45	AA	1.23	4.5	15.0
123.45	123.45	AA	1.23	4.5	15.0
123.45	123.45	AA	1.23	4.5	15.0
123.45	123.45	AA	1.23	4.5	15.0
123.45	123.45	AA	1.23	4.5	15.0

12 Month High Low Stock Div. Yld. PE					
High	Low	Stock	Div.	Yld.	PE
123.45	123.45	AA	1.23	4.5	15.0
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123.45	123.45	AA	1.23	4.5	15.0
123.45	123.45	AA	1.23	4.5	15.0
123.45	123.45	AA	1.23	4.5	15.0

12 Month High Low Stock Div. Yld. PE					
High	Low	Stock	Div.	Yld.	PE
123.45	123.45	AA	1.23	4.5	15.0
123.45	123.45	AA	1.23	4.5	15.0
123.45	123.45	AA	1.23	4.5	15.0
123.45	123.45	AA	1.23	4.5	15.0
123.45	123.45	AA	1.23	4.5	15.0

12 Month High Low Stock Div. Yld. PE					
High	Low	Stock	Div.	Yld.	PE
123.45	123.45	AA	1.23	4.5	15.0
123.45	123.45	AA	1.23	4.5	15.0
123.45	123.45	AA	1.23	4.5	15.0
123.45	123.45	AA	1.23	4.5	15.0
123.45	123.45	AA	1.23	4.5	15.0

Dix. Yld. PE		12 Month High Low		Stock Div. Yld. PE	
123.45	123.45	AA	1.23	4.5	15.0
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123.45	123.45	AA	1.23	4.5	15.0
123.45	123.45	AA	1.23	4.5	15.0
123.45	123.45	AA	1.23	4.5	15.0
123.45	123.45	AA	1.23	4.5	15.0
123.45					

**Tables include the nationwide prices
Up to the closing on Wall Street**

(Continued from Page 9)

[illegible][illegible][illegible][illegible][illegible][illegible]

When continental Europe's busiest and most influential people (those listed in *The International Who's Who*) were queried about their reading preferences, 35% of them named the International Herald Tribune. That's more than read any other English-language magazine or newspaper.

Each day, the Trib reaches more than a third of a million readers in 164 countries around the world. Edited in Paris, printed in Paris, London, Zurich, Hong Kong and Singapore, it is the world's only global newspaper, required reading for decision-makers in business, finance, industry, government and the professions.

Consider these facts about the Trib's readers from the latest audience survey:

- Average reader personal income: \$70,383;
- 81% have earned one or more university degrees;
- 48% are in Senior Management;
- 23% are Chief Executives, Owners or Proprietors;
- 64% are involved in corporate purchasing decisions.

The Trib's readers are leaders. Top customers and prospects for a wide array of quality goods and services. That's why leading advertisers rely on the International Herald Tribune.

Shouldn't you?



Herald INTERNATIONAL **Tribune**
Published With The New York Times and The Washington Post

Herald Tribune BUSINESS/FINANCE

WEDNESDAY, AUGUST 24, 1983

Statistics Index

AMEX index P.12
NYSE index P.9
Commodity prices P.14
Currency rates P.11
Interest rates P.11
Market summary P.9
OTC stock P.12
Earnings reports P.12
Other markets P.14

Page 11

BUSINESS PEOPLE

American Express International Names Hans Thykier to New Post

American Express International Banking Corp. has filled a gap in its corporate structure with the appointment of Hans Thykier as vice president, special marketing, with responsibility for Europe, the Middle East and Africa. Mr. Thykier, a Dane, has been with American Express for seven years, most recently as vice president for public affairs and communications for the same region.

His new position, based in London, is to involve developing and coordinating all aspects of American Express's advertising and corporate communications in the region, tasks which for the first time have been grouped under a single position. As for the "special marketing" title, Mr. Thykier concedes that it is a slightly awkward flag of convenience. "The problem is that, in banking generally, the term 'marketing' is virtually synonymous with selling. We wanted to make it clear that this was something else."

The need to create the new position has been particularly apparent since American Express enlarged its operations with the acquisition of the non-U.S. banking business of the Geneva-based Trade Development Bank in January. "We could get away without drawing all the strands together when the bank was smaller," says Mr. Thykier. "But it has now become essential to create a post of this sort."

Dodd Gets 2d Barclays Job in Colony

Peter Dodd, the managing director brought in by Barclays Asia in Hong Kong in May 1982, when the merchant bank was facing serious problems owing to the collapse of the local property market, in addition has been appointed general manager of Barclays Bank International in the colony. He succeeds Colin Stevens, who has returned to London as deputy chief inspector responsible for the internal audit of the Barclays Bank group's international operations.

Barclays Asia reported a sharp decline in after-tax profit in 1982 to 2.9 million Hong Kong dollars (\$392,400) from 23.2 million dollars a year earlier. Mr. Dodd now is dividing his time between Barclays Bank International and Barclays Asia.

Other Appointments

Calvin D. Sholtes was named one of two executive vice presidents for operations in a restructuring of management responsibilities at Hughes Tool Co. in Houston. Mr. Sholtes, who spent five years in London as a senior vice president before moving to Hughes Tool's headquarters in Houston three years ago, is to take responsibility for manufacturing and marketing for all Hughes' divisions outside North and South America. E.C. Brown, the other newly appointed executive vice president, is to be responsible for the United States and Canada.

Aero Chemical Europe, a subsidiary of Atlantic Richfield based in Eton, England, has set up a new urethane-chemicals department headed by a vice president, Alan D. Kornfield.

W.C.L. Brown, general manager of Chartered Bank in Hong Kong, was appointed general manager. His responsibilities include the bank's activities in China.

N.H. Green, chief manager of Chartered Bank in Malaysia, is to transfer to London in November as general manager, with regional responsibility for the Indian subcontinent and the Middle East. He takes over from H.J. Maltus, who is retiring.

John Philip is to take over from John Duckett as managing director of Barclays Bank of Ghana in Accra. Mr. Philip was chief executive of the National Bank of Malawi until Barclays sold its stake to Standard Chartered recently.

Barclays Bank of Botswana has appointed a new managing director. He is Robert Bird, formerly general manager's assistant at Barclays Bank International's head office in London. Mr. Bird succeeds Alan Heywood.

Michael E. O'Neill, previously manager of Continental Bank's multinational banking services in Hong Kong, has been appointed area manager of special industries services, Europe, and manager of the worldwide shipping and marine industries division of Continental Bank, the banking subsidiary of Continental Illinois Corp. Mr. O'Neill, a vice president, is to be based in London. He succeeds John Phillips, who has been transferred to the United States.

Bank of America has named John E. Adshad senior vice president and appointed him to the new position of head of personnel and administration for the Europe, Middle East and Africa division, based in London. He previously was vice president, personnel.

Lloyds Bank International named M.J. Olex as the new manager of its merchant banking division's syndication department in London. He succeeds R.R. Seggins.

Hans Thykier

U.S. Prices Increase By 0.4%

Decline for Food Helps July Index

By Caroline Atkinson

Washington Post Service

WASHINGTON — Consumer prices rose 0.4 percent after seasonal adjustment in July, bringing the overall increase in prices during the year to just 2.4 percent, the lowest annual rise since 1966, the government reported Tuesday.

However, many analysts expect an increase in the inflation rate later this year. Declining food prices were partially responsible for the moderate price increase in July, the Bureau of Labor Statistics said, and the present severe drought across the United States is likely to push up food prices later this year.

So far, the drought has led to cheaper meat prices, as animals are sent to slaughter because of the shortage of grain and rapidly rising prices of animal feed. In July, prices of beef and pork dropped sharply and the average cost of meat, fish, eggs and poultry declined 0.9 percent, Tuesday's report said.

But meat prices are expected to rebound upwards later this year when fewer animals are available for slaughter and grain prices also are expected to rise because of the expected poor harvest, analysts say.

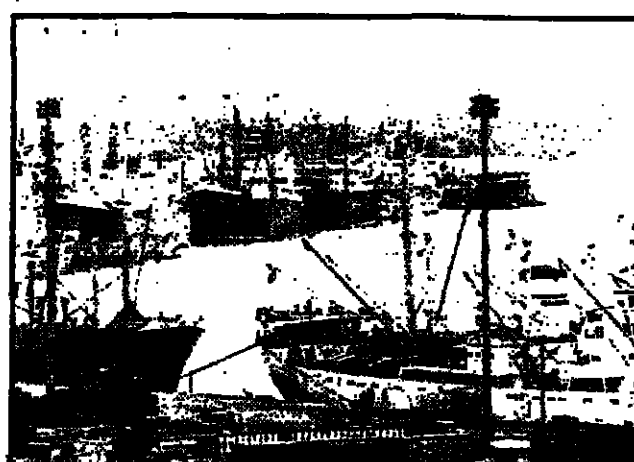
In the first seven months of this year, consumer prices climbed at an annual rate of 3.2 percent, compared with an increase of 3.9 percent a year earlier. Most economists predict that the overall inflation rate for 1983 will be 4 percent to 5 percent.

This would still represent a sharp slowdown from the double-digit inflation rates experienced in 1979 and 1980. The deep recession since then has dealt a significant blow to inflation, and most economists forecast continued relatively slow rates of inflation for some time. However, the rapid pace of the economic recovery, together with above-target growth in some measures of the money supply, have led to fears among some economists that inflation may begin to climb again.

The July rise in consumer prices was twice as large as the 0.2-percent monthly increase recorded in June, when food prices dropped 0.3 percent. In July, food costs were down 0.1 percent.

Apart from that category, there were slight price increases across the board last month. Gasoline prices rose 0.4 percent, after a 0.7-percent increase in June and substantially larger increases in April and May, the Labor Department said.

Of the seven major price categories, the miscellaneous category jumped a big 1.3 percent, reflecting large increases in the cost of cigarettes, tuition and school books and cosmetic supplies and services.



The port in Lagos, and President Shagari. An austerity program implemented in April 1982 has put import controls on 260 items and drastically cut the nation's spending.

Nigerian President Faces Tough Task Of Reorganizing Economy in 2d Term

By Clifford D. May

New York Times Service

LAGOS — It has probably been a long time since President Shagari, who earlier this month won election to a second term as Nigeria's president, has gone shopping in this city's Jankara market.

Were he to make the excursion, however, he would find along the banks of open sewers and near the mountains of pungent refuse a labyrinth of corrugated metal stalls brimming with everything from French cosmetics to Scotch whisky, pirated videotapes to canned sardines, Chinese underwear to American rice.

In its abundance and squalor, its vitality and disorganization, the Jankara market is much like the Nigerian economy itself.

Getting that economy reorganized and functioning smoothly will be the most critical task of Mr. Shagari's new administration, although he will also have to deal with the effects of post-election rioting that has left at least 70 people dead, mostly in areas that support the opposition party.

For the economy, the president's first order of business will almost have to be to try to pull Nigeria out of its foreign-exchange crisis. Over the past 18 months, it has amassed \$5 billion to \$8 billion in trade debt.

The initial phase of a rescue effort is already under



The New York Times

way. Last month, 26 international banks agreed to refinance about \$1.7 billion of Nigeria's short-term debt, rolling it into a three-year, medium-term loan to the Nigerian central bank. Eleven more commercial banks may join in soon, pushing the figure to about \$2 billion.

The banks might not have agreed to the rollover at all had Nigeria not entered into talks with the International Monetary Fund for a three-year commitment, also totaling about \$2 billion.

An IMF team is expected to return in September, and banking sources say that the two sides are not far apart. "We are negotiating in good faith," said E.C. Edozien, Mr. Shagari's special adviser for economics. "We hope we will not reach an impasse."

In the longer term, Nigeria is seeking a structural adjustment loan of \$300 million or more from the World Bank, an arrangement that would be conditioned on changes in the country's economic management over 5 to 10 years.

"It's still a long way off," said Ronald H.S. Fennel, the World Bank resident representative in Nigeria. "We've had informal discussions but no proposals are ready. There probably won't be anything happening until 1984."

The conditions that Nigeria will have to accept to

(Continued on Page 13, Col. 1)

Hongkong Bank Expects To Equal 1982 Payout

Reuters

HONG KONG — Hongkong & Shanghai Banking Corp. expects to pay a 1983 final dividend of not less than the 37 Hong Kong cents (about 5 U.S. cents) a share paid in 1982, although the number of shares outstanding has been increased by a 1-for-10 bonus issue distributed in April, the bank said on Tuesday.

The bank earlier had announced an 8.6-percent rise in attributable profit to 964 million Hong Kong dollars (about \$129.6 million) for the first half of 1983, and an interim dividend of 18 cents, up from 16.5 cents paid a year earlier, adjusted for the bonus issue.

The bank's profit is expected to remain at a satisfactory level for the rest of the year, the bank said.

The 8.6-percent profit increase, which was higher than many analysts' expectations, reflected the growing recovery in the U.S. economy, Michael Sandberg, the bank's chairman, said.

Mr. Sandberg said he was heartened by the recent strong growth in the local manufacturing sector and increased demand at the lower end of the property sector.

However, he said the local market would remain nervous until China and Britain agreed on the future of Hong Kong.

Mr. Sandberg expressed concern about the damaging effects on less-developed countries of possible increases in U.S. interest rates and protectionist measures by industrialized nations.

He said he was particularly pleased at the results of the group's U.S. operations, which include its 51-percent-owned subsidiary Marine Midland Bank.

"We will continue to diversify in other countries but we have not lost faith in Hong Kong. Our commitment is still as strong as ever," Mr. Sandberg said.

China Studies Fluor Accord

Los Angeles Times Service

LOS ANGELES — When Fluor Corp. said Monday that it had received a contract from the Chinese government to develop two major coal mines in Inner Mongolia, the company said that the mine complex, when completed, would be among the largest in the world. But it was also learned that the Chinese are reviewing an earlier protocol agreement with the Irvine, California-based company for a 600-mile (960-kilometer) coal-slurry pipeline that could be one of the biggest Chinese projects ever undertaken with a U.S. company.

Dick Hughes, Fluor's vice president, sales, for central Asia, acknowledged that the coal-slurry line has "been delayed somewhat," but added, "We have every reason to believe it will go forward." No formal contract has been signed. Sources in Beijing said the government was taking a second look at Fluor's bid.

for anything to postpone the divestiture," said John Bain, an analyst with Lehman Brothers Kuhn Loeb. In fact, AT&T has accepted many things it did not like — such as the loss of its Bell name and logo — in order to get the divestiture in place and get on with business.

Nonetheless, the union agreement has elements favorable to each side. The unions won a continuation of company-paid health-care benefits and gained several new programs to help restrain workers or to compensate them as technological changes eliminate many traditional telephone jobs.

For AT&T, the wage increases granted were smaller than in the last two contracts, negotiated in 1977 and 1980.

"That's a pretty good settlement," said Steven Christ, an ana-

Mitsubishi Bank Agrees to Buy California Bank

By Steve Lohr

New York Times Service

TOKYO — Mitsubishi Bank of Japan announced Tuesday that it had agreed in principle to acquire the Bank of California for about \$269 million.

If approved by shareholders and regulatory authorities, the acquisition would be the largest purchase of a U.S. bank by a Japanese bank.

Moreover, the move by Mitsubishi Bank is yet another example of the recent international expansion of Japanese banking, especially into the United States, as domestic growth has slowed and the Japanese government has eased restrictions on international dealings.

In announcing the agreement, Mitsubishi said that it has "adopted a new international strategy." The bank, Japan's fourth largest, explained that buying the Bank of California would advance two key elements in that strategy.

First, the purchase should help "aggressively develop" its business with U.S. companies, particularly medium-sized concerns with annual sales of \$3 million to \$100 million, Mitsubishi said.

Second, the Japanese bank said it wants to "strengthen its network in the Pacific rim."

The San Francisco-based bank, the 68th largest in the United States, with assets of \$3.8 billion, caters largely to medium-sized corporate customers. Much of its profit comes from its international operations in Asia, according to foreign bankers in Tokyo.

By trying to grab the business

generated by medium-sized corporate borrowers, Mitsubishi Bank's U.S. strategy appears similar to that of Fuji Bank. Last March, Fuji agreed to purchase two commercial lending units of Walter E. Heller International Corp. for \$425 million. The Heller subsidiaries, too, cater mostly to middle-sized corporate clients.

With this approach, Japanese banks hope to capture part of the U.S. corporate-finance market without directly taking on the major U.S. commercial banks in the competition for large corporate customers.

In addition to acquisitions, major Japanese banks have also launched ambitious internal campaigns of international expansion in recent years, including Sumitomo Bank and Bank of Tokyo.

According to Japanese bankers, Mitsubishi Bank had been studying the possibility of a substantial American acquisition for nearly a year.

Mitsubishi Bank's bid was one of three being considered by the board of BanCal Tri-State, the holding company for the Bank of California. Western bankers say. One of the other bids came from Wells Fargo Bank.

For the past few years, the California bank had been considering merging with a larger institution to increase its capital base, thus enabling it to finance more rapid growth, according to the bankers.

Until the end of last year, the bank's principal shareholder —

(Continued on Page 13, Col. 5)

Iran Paying Debt To U.S. Ex-Im Bank

By Stuart Auerbach

Washington Post Service

WASHINGTON — The government of Iran has agreed to pay the \$419.5 million that it owes the Export-Import Bank of the United States, the fifth settlement that the government of Ayatollah Ruhollah Khomeini has made with U.S. banks in the past six weeks.

The payment to the Ex-Im Bank, completed Tuesday, is far and away the largest debt settlement of the 20 that Iran has made to American banks since the complex repayment agreement that was part of the January 1981 release of U.S. hostages held in Tehran for 444 days.

The payment to the Ex-Im Bank is just under the \$467.4 million collected in all the previous settlements.

U.S. Treasury officials said claims remain outstanding from about 20 more banks, although the

Iranians may not agree that all of them are valid.

U.S. officials tied little international significance to the recent spate of settlements, though private sources close to the tangled political situation in Tehran said it represented the recent ascendancy of a faction that believes that Iran needs to settle its debts.

That faction was reported to have succeeded one that prefers the settlements to fail in the belief that it gives them greater power within the country.

"This puts us a long way to resolving all of the banking issues with Iran," said Assistant Treasury Secretary John M. Walker Jr.

"It indicates a desire on the part of the Bank Markazi (Iran's central bank) to pay off its debts, normalize banking relations internationally and restore its credit internationally," he said, adding: "The Iranians are doing all they can to restore their credibility in the world banking community."

The repayment includes:

- \$394.6 million representing payment for direct Ex-Im credits to Iran.

- \$24.9 million in other claims resulting from the bank's purchase of privately financed export credits and export insurance contracts covered by Export-Import Bank guarantees.

The bank, which provides loans and guarantees to foreign nations to encourage exports of U.S. goods, declared Iran in default on all loans in December 1979.

(Continued on Page 13, Col. 4)

CURRENCY RATES

Interbank exchange rates for Aug. 23, excluding bank service charges									
	\$	£	DM	FF	¥	₹	₪	₦	₧
Amsterdam	2.9275	4.493	11.185	37.345	0.1674	5.78	137.25	31.25	21.25
Buenos Aires	25.25	88.575	28.85	4.68	3.2432	17.78	54.6	5.27	
Frankfurt	2.6235	4.0115		33.34	1.076	89.41	4.98	123.10	27.80
London (U.S.)	1.5265		4.8252	12.1146	240.38	4.502	85.545	2.7717	14.615
Madrid	1.55225	2.89728	29.415	118.21	3.2432	29.78	72.62	14.524	
New York		1.5259	3.7391	0.176	0.0405	0.2389	61.18	64.643	0.1005
Paris	7.781	12.58	369.29		5.843	348.97	14.9465	349.72	83.51
San Francisco	2.1017	3.2584	81.575	27.645	0.1340	72.71	4.8214		22.63
Tokyo	1.8171	0.809	0.0275	0.2775	0.8512	1.3937	2.504	45.628	1.83
1 SDR	1.2697	0.69548	2.77148	6.5812	1.45430	3.1004	25.177	2.548	9.917

Source: Reuters. L2N: Iran 1.
(a) Commercial rates. (b) Amounts needed to buy one pound. (*) Unit of 100 (in U.S. units of 1,000). N.A.: not available.

INTEREST RATES

Eurocurrency Deposits Aug. 23									
	Dollar	D-Mark	Sterling	French Franc	ECU	SDR			
1M	9 1/4 - 9 1/2	4 1/4 - 5 1/4	4 1/4 - 4 1/2	9 1/4 - 9 1/2	12 1/4 - 12 1/2	8 1/4 - 8 1/2	9 1/4 - 9 1/2		
3M	9 1/4 - 9 1/2	4 1/4 - 5 1/4	4 1/4 - 4 1/2	9 1/4 - 9 1/2	12 1/4 - 12 1/2	8 1/4 - 8 1/2	9 1/4 - 9 1/2		
6M	10 1/4 - 10 1/2	5 1/4 - 5 1/2	5 1/4 - 5 1/2	10 1/4 - 10 1/2	13 1/4 - 13 1/2	9 1/4 - 9 1/2	10 1/4 - 10 1/2		
1Y	10 1/4 - 10 1/2	5 1/4 - 5 1/2	5 1/4 - 5 1/2	10 1/4 - 10 1/2	13 1/4 - 13 1/2	9 1/4 - 9 1/2	10 1/4 - 10 1/2		

Key Money Rates									
	United States	Canada	Britain	France	Germany	Japan	Italy	Spain	Sweden
Discount Rate	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
Federal Funds	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4
Prime Rate	11	11	11	11	11	11	11	11	11
Banker Loan Rate	10 1/4	10 1/4	10 1/4	10 1/4	10 1/4	10 1/4	10 1/4	10 1/4	10 1/4
Commercial Paper, 30-180 days	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4
3-month Treasury Bill	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4
6-month Treasury Bill	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4
CDs 30-90 days	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4
CDs 90-180 days	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4

West Germany									
	Landmark Rate	Overnight Rate	One Month Interbank	Three Month Interbank	Six Month Interbank	One Year Interbank	Two Year Interbank	Three Year Interbank	Four Year Interbank
	5.05	5.05	5.05	5.05	5.05	5.05	5.05	5.05	5.05
	5.05	5.05	5.05	5.05	5.05	5.05	5.05	5.05	5.05

Key Money Rates					
<u>United States</u>			<u>Britain</u>		
	Close	Prev.		Close	Prev.
Discount Rate	8 1/4	8 1/4	Bank Base Rate	9 1/2	9 1/2
Federal Funds	9 1/4	9 1/4	Call Money	9 1/2	9 1/2

Nigerian Faces Tough Economic Job

(Continued from Page 11)

quality for either the IMF or the World Bank loan will likely include restricting imports and devaluing the naira, Nigeria's currency.

An austerity program that Mr. Shagari put into force in April 1982 has already put import controls on 260 items and cut Nigeria's spending from \$1.6 billion a month in the first half of last year to about \$800 million now. The restrictions, however, seem to be affecting imports of raw materials and spare parts far more than luxury consumer goods.

Devaluation remains a touchy subject. "A sudden devaluation would be politically dangerous and there is no overwhelming economic argument for it," said Alhaji Abubakar Aliji, the permanent secretary of the Ministry of Finance.

Privately, however, some government officials note that while a full-scale devaluation may be out of the question, certain exchange-rate adjustments can be made.

"By next year at this time," said an adviser to the government, "I'd say a naira will cost no more than \$1." The official exchange rate is currently about \$1.35, with the lowest black market rate about 40 cents.

Once the foreign-exchange crisis is settled, Mr. Shagari will need to tackle the other serious long-term problems, including corruption, mismanagement of resources, lack of infrastructure and the need for diversification.

Corruption in Nigeria means more than just slipping a few naira to an underpaid civil servant, to avoid a traffic ticket. It means, for example, that import licenses may be granted for over-priced products the country does not need and that permission may be denied for useful items at fair costs.

A number of people are also upset over the waste of Nigeria's natural gas. Nigeria has an estimated 90 trillion to 150 trillion cubic feet (2.7 trillion to 4.5 trillion cubic meters) of natural gas that is being flared at the wells, resulting in a loss of as much as \$3 billion a year.

The United States expressed an interest in buying the gas at one time but "that opportunity was just thrown away," said a businessman who was involved in the talks.

The last two issues on the anticipated agenda — diversification of the economy and the need for infrastructure — are intertwined.

Before it became an oil giant, Nigeria was able to feed itself and even had some products left to sell abroad. Now, much of the food Nigerians eat is imported. Farming has been abandoned as tens of thousands of people have streamed into Lagos and other cities hoping to get a share of the oil wealth.

Spokesmen for the Shagari administration say that reviving agriculture will be their top priority. Yet agricultural experts say the effort will not succeed unless there is an overhaul of the confused land-ownership system, as well as induc-

tives to make locally grown products competitive with imports.

Of course, nothing that Mr. Shagari can do is likely to bring about a swift change in the fact that crude oil is the source of more than 80 percent of Nigeria's revenues. And he has the added problem of trying to reverse a psychological trend that has become firmly established since Nigeria began producing oil.

"Have you noticed," said one American businessman, "that throughout this election campaign, everyone has been talking about sharing wealth and no one has been talking about creating it? That's the real problem here. I sometimes wonder if oil hasn't done more harm than good."

Hungary Is Raising \$623-Million Loans

Reuters

BAHRAIN — The National Bank of Hungary is raising \$200 million from international banks as part of a \$623.2-million loan package for agricultural and energy projects, bankers said Tuesday.

The loan is a co-financing arrangement with the World Bank, which is extending a \$239.4-million loan. The remaining funds for the projects will be provided through a Japanese yen facility for the equivalent of \$72 million from international banks, and \$111.8 million to be provided in local currency.

AT&T-Union Pact Expected to Raise U.S. Rates Slightly

(Continued from Page 11)

background factors in the negotiations.

When AT&T spins off 22 operating companies and begins to compete aggressively in equipment manufacturing and long-distance services, there will be pressure on the company to adopt the most modern technology and to slash labor costs, especially since it will be competing against many companies without unions.

Those factors could lead to substantial layoffs at a company that was once known for its job security.

"That's been the fear of the entire bargaining arena," said Arthur Perry, director of the telephone department for the International Brotherhood of Electrical Workers, which represents 100,000 striking employees.

The two other unions are the Communications Workers of America, representing 525,000 employees, and the Telecommunications International union, representing 50,000 employees.

Technology is already reducing the number of certain kinds of telephone industry employees, such as operators and installers. Many credit-card calls no longer require operator assistance. In some cities, computerized voices provide numbers to callers seeking directory assistance.

Exxon, Shell Affiliates Sign Pacts With China

Compiled by Our Staff From Dispatches

BEIJING — Affiliates of Exxon Corp. and Shell Petroleum Co. signed contracts with China Tuesday to explore for oil in two large areas in the Pearl River mouth basin of the South China Sea, Exxon announced.

The group is the third to sign contracts to explore for oil off China's shores in a round of bidding by 33 foreign companies that began last August.

Exxon said Esso China Ltd. and Shell Exploration (China) Ltd., equal partners in the venture, bid on five areas and won contracts in two.

China National Offshore Oil Co. said the individual blocks are the largest so far awarded to a foreign consortium, and the two together cover 5,120 square kilometers (1,977 square miles).

A group led by British Petroleum signed contracts in May for five areas totaling 16,576 square kilometers, and a group led by Occidental Petroleum signed contracts Aug. 6 for two areas totaling 2,570 square kilometers.

A Texaco-Chevron consortium is expected to sign an exploration agreement soon.

No value figures were given for Tuesday's agreements, which had been expected.

"Geologists of both China and abroad consider that the two contract areas have very good oil potential and during this round of bidding there has been very high competition in the two contract areas," a statement by Esso and Shell said.

Exxon said details of the work program are subject to agreement with China National Offshore Oil Co.

Under China's regulations for its offshore oil contracts, the foreign partner must pay all exploration costs. China may enter the contract at the production stage.

Exxon gave no indication of the initial investment the group will make in the venture.

In Tokyo, meanwhile, oil-industry sources reported that China has agreed to grant three development contracts off southern China to Japan National Oil Corp. and Idemitsu Oil Development Co., an affiliate of Idemitsu Kōsan Co.

The contracts are likely to be signed early next month, probably Sept. 5, to coincide with a meeting of Chinese and Japanese cabinet ministers in Beijing, they said.

Two contracts with Japan National Oil will cover two offshore tracts in the Pearl River basin and the other will be for a site in the Tonkin Gulf, with Idemitsu teaming with Natsom Far East Ltd., the sources said.

Both Japan National Oil and Idemitsu declined to confirm the reports.

The industry sources said one of the two Japan National Oil areas will be explored in a joint venture with Getty Oil and the other with a new exploration company led by Japan's Arabian Oil Co.

The Japanese sources said the Chinese interest in the Japanese projects is not known.

Japan National Oil is said to have a two-thirds interest in its projects, and Idemitsu and Natsom are seen sharing their interest at 65 percent for Idemitsu and 35 percent for Natsom.

BUSINESS BRIEFS

EC Joblessness Rose to 10% in July After 4 Straight Months of Declines

BRUSSELS (AP) — Unemployment in the European Community rose to 10 percent of the work force in July after four months of steady declines, the EC statistical service reported Tuesday.

There were 11.6 million people on unemployment rolls in the 10 EC countries last month, 200,000 more than in June, when 9.9 percent of the work force was jobless. The EC said the increase was "largely due to the arrival of school-leaving young people on the job market." About 40 percent of the unemployed are less than 25 years old.

In Greece, official unemployment dropped to 1.1 percent from 1.2 percent, and in Italy it remained at 11.6 percent. It increased in West Germany to 8.2 percent from 7.9 percent, in France to 8.3 percent from 8.2 percent, in the Netherlands to 14.5 percent from 14.2 percent, in Belgium to 14.8 percent from 13.4 percent, in Luxembourg to 1.5 percent from 1.3 percent, in Britain to 11.6 percent from 11.5 percent, in Ireland to 15.1 percent from 14.9 percent and in Denmark to 9 percent from 8.6 percent.

GM Plans Only Moderate Price Rises

DETROIT (NYT) — General Motors Corp. will increase the price of its typically equipped 1984 models an average 2 percent, or about \$200 a car, the company said. The prices of some of GM's fast-selling larger models will go up by almost 3 percent.

The announcement Monday confirmed indications that U.S. automakers would increase prices for 1984 models only moderately.

Brazil Suspends Debt Repayments

BRASILIA (Reuters) — A Finance Ministry official has confirmed that Brazil has suspended payments on \$8 billion of government-to-government debt.

The spokesman said Monday that the step was a usual practice pending the outcome of Brazil's negotiations with the Club of Paris on rescheduling \$2 billion in debt that falls due in 1983 and 1984.

Jake Butcher Is Declared Bankrupt

KNOXVILLE, Tennessee (UPI) — The financier Jake F. Butcher has been declared bankrupt.

U.S. Bankruptcy Judge Clive Bare ordered the liquidation of Mr. Butcher's assets Monday. Federal Deposit Insurance Corp. and a Chattanooga, Tennessee, bank filed a petition June 29 to have Mr. Butcher declared bankrupt for defaulting on \$15.1 million in obligations.

Mr. Butcher's brother, C.H. Butcher Jr., was declared bankrupt July 15 after he defaulted on \$13.4 million in debts. Jake Butcher's United American Bank of Knoxville failed Feb. 14, the first of a string of bank closings in Tennessee, most of them connected with the Butchers.

Continental Illinois Taps Next CEO

NEW YORK (NYT) — Continental Illinois Corp., the seventh-largest U.S. banking organization, has indicated that David G. Taylor, an expert in the bond and money markets, will succeed Roger E. Anderson as Continental's chairman and chief executive officer after Mr. Anderson retires in 1986.

Continental's directors tipped their hand Monday when they promoted Mr. Taylor, 54, to vice chairman and director.

Gold Options (prices in \$/oz.)

Month	Aug.	Nov.	Feb.
400	15.50-17.50	17.50-20.00	20.00-22.50
450	17.50-20.00	20.00-22.50	22.50-25.00
500	20.00-22.50	22.50-25.00	25.00-27.50
550	22.50-25.00	25.00-27.50	27.50-30.00
600	25.00-27.50	27.50-30.00	30.00-32.50

Gold 425.00-427.00
1. Quai du Mont-Blanc
1211 Geneva 1, Switzerland
Tel. 31 62 51 - Telex 28 305

When in Washington, D.C., meet me at

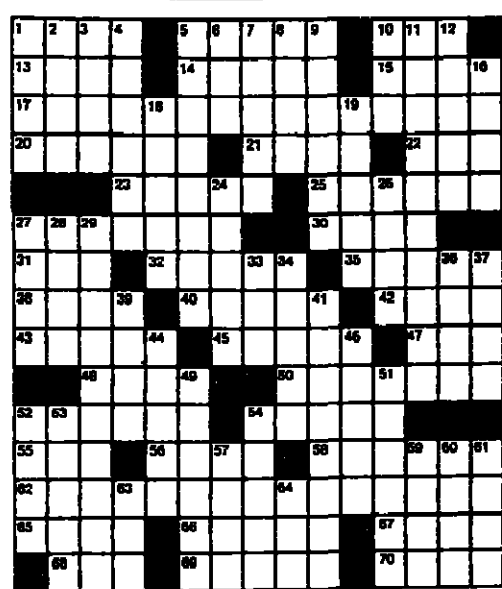
Blackie's
House of Beef

Admission to the Washington Marriott
OUR 37th YEAR

Grains

Grains					
WHEAT					
5,000 bu minimum, dollars per bushel					
Dec	4.07 1/2	4.08	4.06	4.07	+1 1/2
Mar	4.26	4.26	4.19 1/2	4.19 1/2	-1 1/2
May	4.34	4.34	4.22	4.22 1/2	-3 1/2
Jul	4.46 1/2	4.47	4.37	4.38 1/2	-5 1/2
Oct	4.58 1/2	4.59	4.46 1/2	4.47 1/2	-5 1/2
Dec	4.77 1/2	4.78	4.62	4.62	-2 1/2
Est. Sales		Prev. Sales		27,282	
1st Day Open Int. 96.48 up 1.60					
CORN					
5,000 bu minimum, dollars per bushel					
Dec	3.71	3.72	3.65	3.65 1/2	+3 1/2
Mar	3.78 1/2	3.79 1/2	3.73	3.71	+6 1/2
May	3.86 1/2	3.87 1/2	3.79 1/2	3.78 1/2	+5 1/2
Jul	3.95	3.96	3.87 1/2	3.87 1/2	+2 1/2
Oct	4.03 1/2	4.04 1/2	3.95 1/2	3.94 1/2	+2 1/2
Dec	4.24 1/2	4.25	4.13 1/2	4.13 1/2	-2 1/2
Est. Sales		Prev. Sales		15,244	

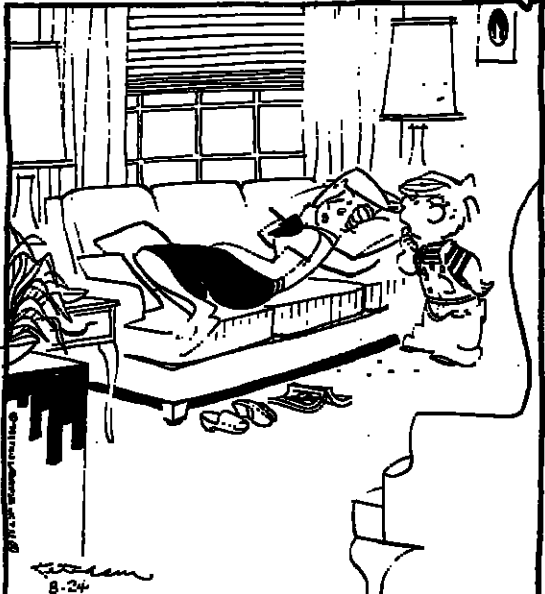
CROSSWORD



- ACROSS**
- 1 Activator
5 Scout sites
10 Ultimate
13 Ringing
14 Music hall
15 Words of
17 Kuhn-Donald-
son song: 1928
20 Dry-goods
21 Narrow valley
22 Ayres or
Wallace
23 Hon
25 Hand limes
27 Sci-fi creature
30 Czech, for one
31 Through
32 "—a gun!"
33 Opt for
36 Author Ben
38 Williams
40 Lowest point
42 "—the
Agent"
43 Reluctant
45 Ecological
cycles
47 Southwestern
Indian
48 Field calls
50 Traveled over
snow
52 Taste
54 Western Belle
- DOWN**
- 1 Add
2 Unnecessarily
3 Part of T.A.E.
4 More involved
5 Force
6 "—Annie in
"Oklahoma!"
7 Blend
8 Kind of tax
9 Apeas a baddie
10 Fall into
11 Dismissed
12 Noted film
13 Axes
14 Exotic items
15 Like some
senior citizens
24 Best and
Stengel
26 Celebratory
- 27 "Oh, What
Was Mary?"
1919 song
28 Verne
character
29 Grey-
Scherzinger
song: 1929
30 Lyrical poem
31 Lyric
32 Quote
33 "—off (in a
snit)"
34 Ancient
ambulatory
41 Sides back
44 Traveler's
stopover
46 Comic like
Chaplin
49 Form of
discrimination
51 Rough script
52 Skin
53 Marketplace
54 Cookbook
direction
57 Quichuan
58 Ferment
60 Biblical city
(also called
Tarsis)
61 Polly, to Tom
Sawyer
64 Evian-les-
Bains is one

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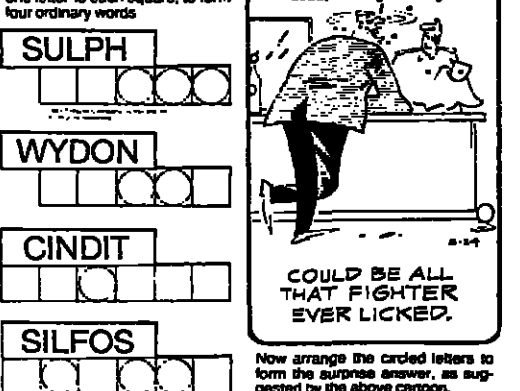
DENNIS THE MENACE



YOU SURE YOU'RE ALL RIGHT, MOM? ONLY LITTLE KIDS AND DADS ARE SPORED TO TAKE NAPS.

JUMBLE

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.



Print answer here: _____

Yesterday's Jumble: FIFTY BOOTS LIMPED BEFORE
Answer: Such a warning sounds "pointless" —
A TIP-OFF

WEATHER

EUROPE				ASIA			
City	High	Low	Clouds	City	High	Low	Clouds
Amsterdam	20	14	fr	Bangkok	31	25	7 c
Antwerp	21	15	fr	Beijing	28	20	7 c
Berlin	22	16	fr	Bombay	32	26	7 c
Brussels	22	16	fr	Calcutta	33	27	7 c
Copenhagen	22	16	fr	Chongqing	33	27	7 c
Dublin	22	16	fr	Colombo	33	27	7 c
Edinburgh	22	16	fr	Delhi	33	27	7 c
Frankfurt	22	16	fr	Guangzhou	33	27	7 c
Geneva	22	16	fr	Hong Kong	33	27	7 c
Helsinki	22	16	fr	Kobe	33	27	7 c
London	22	16	fr	Manila	33	27	7 c
Lyon	22	16	fr	Osaka	33	27	7 c
Moscow	22	16	fr	Seoul	33	27	7 c
Munich	22	16	fr	Taipei	33	27	7 c
Nice	22	16	fr	Tokyo	33	27	7 c
Paris	22	16	fr				
Rome	22	16	fr				
Stockholm	22	16	fr				
Vienna	22	16	fr				
Zurich	22	16	fr				

MIDDLE EAST

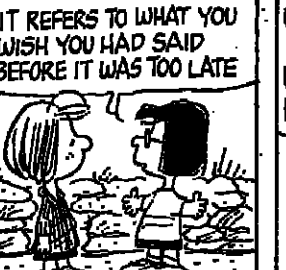
Alexandria 29 23 7 c
Baghdad 32 26 7 c
Beirut 29 23 7 c
Damascus 29 23 7 c
Jerusalem 29 23 7 c
Tel Aviv 29 23 7 c

OCEANIA

Auckland 14 5 4 c
Sydney 17 10 4 c

WEDNESDAY'S FORECAST — CHANNELL: Slight FRANKFURT: Cloudy and overcast. Temp. 22-15 (fr-31). LONDON: Foggy. Temp. 20-15 (fr-31). MADRID: Fair. Temp. 22-15 (fr-31). NEW YORK: Fair. Temp. 20-15 (fr-31). PARIS: Foggy and cloudy. Temp. 22-15 (fr-31). ROME: Partly cloudy. Temp. 22-15 (fr-31). TEL AVIV: Fair. Temp. 22-15 (fr-31). ZURICH: Cloudy. Temp. 22-15 (fr-31). BANGKOK: Thunderstorms. Temp. 22-15 (fr-31). HONG KONG: Thunderstorms. Temp. 22-15 (fr-31). MANILA: Cloudy. Temp. 22-15 (fr-31). SEOUL: Fair. Temp. 22-15 (fr-31). SINGAPORE: Thunderstorms. Temp. 22-15 (fr-31). TOKYO: Mist. Temp. 22-15 (fr-31).

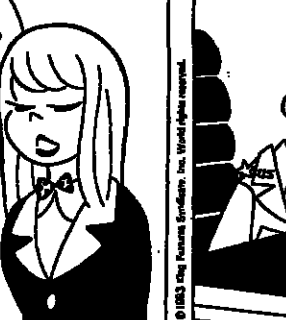
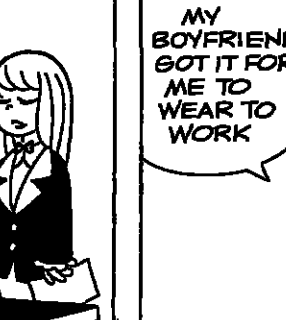
PEANUTS



BLONDIE



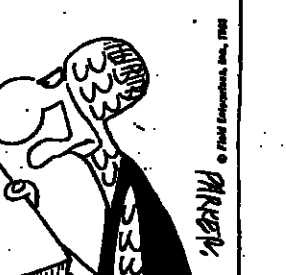
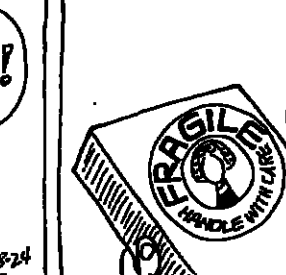
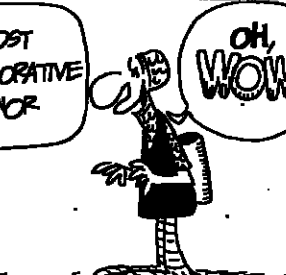
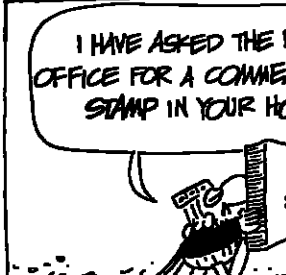
BEETLE BAILEY



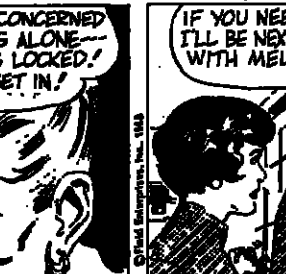
ANDY CAPP



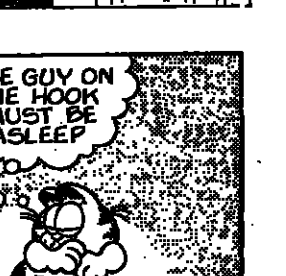
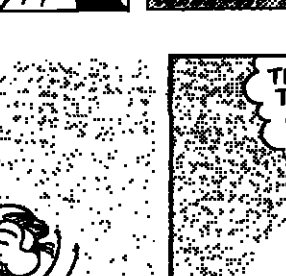
WIZARD of ID



REX MORGAN



GARFIELD



BOOKS

OFF BALANCE: The Real World of Ballet
By Suzanne Gordon. 256 pp. Illustrated. \$15.95.
Pantheon, 201 E. 50th Street, New York, N.Y. 10022.

Reviewed by Robert L. Pincus

"OFF BALANCE" is the kind of book that many dancers, critics, teachers and followers of ballet might not want to read, but should. Suzanne Gordon writes not as an adoring appreciator (known, in the ballet world, as a balletomane) but as a journalist and social critic. "It was raised on ballet," she explains, "not to be a dancer but to love the dance." Her own mother, she adds, was a balletomane. But years later, as a journalist on assignment for Geo magazine, during a 1979 walkout of dancers from the American Ballet Theatre, she "discovered that there was as much anguish as art in ballet, and that the anguish was created by the ballet establishment." That view pervades her book.

It is understandable, then, why the powerful influences upon American ballet, such as the now-legendary choreographer George Balanchine, did not agree to contribute to her study. But enough dancers, former dancers and ballet mothers were willing to talk, and their words, coupled with Gordon's observations and illustrations, are troubling.

She shows us that the image of the ethereally thin female dancer, the standard in American ballet, is only achieved at a great cost. Gordon cites a study by two New York physicians estimating that 15 percent of women ballet students suffer from the crippling and sometimes fatal disease of anorexia nervosa (a clinical term for self-induced starvation) and many more are borderline cases.

Gordon is also persuasive on the need for reforms in dancer salaries and benefits—citing the superior financial benefits members of European companies enjoy, including an adequate pension. American troupes, she asserts, could "try poor" at one time; but adds that "by 1979, ballet... was big business, drawing huge crowds, selling itself to television and the movies, receiving larger and larger grants from governmental agencies and large corporations." She argues that dancers were not benefiting from the new-found prosperity, and those in ABT set out to do something about it. By going on strike, dancer Hilda Morales asserts, "we were fighting for dancers all over the country." Gordon says that they won valuable concessions, but "if dancers are to survive the increasing commercialization of ballet,

they will have to become more aggressive in their conduct with respect to management." Gordon has written a valuable book, sometimes too heavy-handed but always persuasive on its major point: These performers "deserve far, far more than what they receive."

Robert L. Pincus is an art critic for the Los Angeles Times and teaches a course in literature and painting for the University of California, Los Angeles, Extension Program.

BEST SELLERS

This list is based on reports from more than 1,400 bookstores throughout the United States. Weeks on list are not necessarily consecutive.

FICTION		Last Week	Weeks on List
1	THE NAME OF THE ROSE, by Umberto Eco	1	9
2	THE RETURN OF THE JEDI, adapted by John D. Vinge	1	11
3	AUGUST, by Judith Rossner	3	2
4	HOLLYWOOD WIVES, by Jackie Collins	10	3
5	THE SEDUCTION OF PETER S., by Lawrence Sanders	6	3
6	THE LITTLE DRUMMER GIRL, by John L. Carr	5	23
7	GODFATHER, by Robin Cook	4	7
8	CHRISTINE, by Stephen King	7	20
9	HEARTBURN, by Nora Ephron	8	17
10	THE SUMMER OF KATYA, by Trevan	9	15
11	ASCENT INTO HELL, by Andrew M. Greeley	12	12
12	WHITE GOLD WILDER, by Stephen R. Douglas	11	20
13	THE WORLD IS MADE OF GLASS, by Morris West	13	4
14	THE VALLEY OF HORSES, by Jean M. Auel	—	47
15	VOICE OF THE HEART, by Barbara Taylor	14	21

NONFICTION

1	IN SEARCH OF EXCELLENCE, by Thomas J. Peters and Robert H. Waterman Jr.	1	32
2	MEGATRENDS, by John Naisbitt	2	41
3	THE ONE MINUTE MANAGER, by Kenneth Blanchard and Spencer Johnson	3	47
4	CREATING WEALTH, by Robert G. Allen	4	13
5	OUT ON A LIMB, by Shirley MacLaine	6	6
6	GROWING UP, by Russell Baker	8	37
7	THE PRICE OF POWER, by Seymour M. Hersh	5	9
8	JANE FONDA'S WORKBOOK, by Jane Fonda	7	83
9	BLUE HIGHWAYS, by William Least Heat Moon	9	27
10	HOW TO LIVE TO BE 100—OR MORE, by George B. Keegan	10	12
11	THE LAST LION, by William Manchester	11	13
12	WORKING OUT, by Charles E. Smith	12	18
13	THE FLYING DUTCHMAN, by Robert A. Heinlein	12	16
14	NOTHING DOWN, by Robert A. Heinlein	12	16
15	HOW TO SATISFY A WOMAN EVERY TIME, by Nora Hayden	—	5

BRIDGE

By Alan Truscott

ALMOST half a century ago two English experts indulged in an experiment that would nowadays draw an official reprimand. Playing in a club tournament, they agreed that they would pass through-out, irrespective of their hands.

This was fully explained to the opponents, who were nevertheless somewhat confused. An unusual number of hands were passed out, with mixed results. And the permanent passers did rather well in defense because the opposing declarers did not have any clues from the bidding, either positive or negative. The silent duo came close to winning the tournament.

Many a player who takes part in the bidding later regrets his activity. He finds that the declarer has thereby acquired the information he needed to make his contract, and that silence would have been golden.

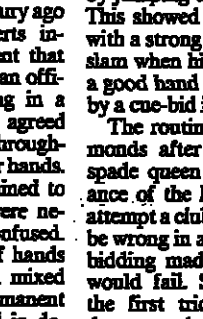
East regretted his decision to open preemptively on the diagrammed deal when it was all over. His three-club bid was not exactly typical, but it did not pose problems for his opponents.

A three-diamond bid by South would have been timid, and he made a good decision by jumping to four diamonds. This showed a powerful hand with a strong suit, and he bid a slam when his partner showed a good hand with club control by a cue-bid in the enemy suit.

The routine play in six diamonds after the lead of the spade queen and the appearance of the king would be to attempt a club ruff. This would be wrong in any event, and the bidding made it clear that it would fail. So after winning the first trick South simply drove out the trump ace.

When West took the trump ace he returned a trump. South removed the remaining trumps

and played "one for the road." He was now in this position:



Notice that it was not necessary that East should have been the only heart protection. If West had held a heart honor he would also have been squeezed. The slam was thus made partly because of the clue provided by the bidding. For East, silence would have been golden. But West's speech in the post-mortem was not silver—it was much more colorful.

West led the spade queen.

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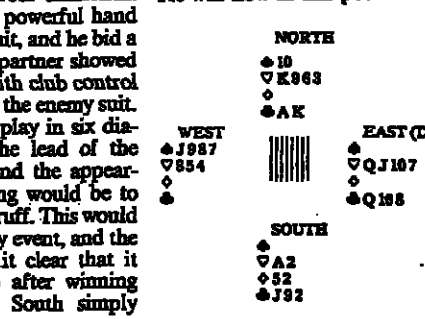
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John Lewis

Ark Search Interrupted

New York Times Service

● Musical director of the Monterey, California, Jazz Festival, which draws an audience of 35,000 over its annual long weekend. "Last year we sold out in July," he proudly. "Some people have the same boxes for 25 years. Who's going to get our boxes?"



Elegant, sober, thoughtful, the face of John Lewis reflects his

Orchestra USA did not endure because it failed to attract an audience who could or wanted to follow the fusion, unlike the MJQ which combined classical and jazz elements effortlessly, ecologically. As the critic Nat Hentoff described the quartet: "... delicate almost evanescent lyricism, sometimes grave, sometimes playful polyphony; and the sure sense of the roots of jazz."

apologizes to Sophie, Carolyn and our readers," the paper said. The Star took it in stride: "The Daily Star, which normally gets these things absolutely right, [is] happy to put the record straight today."
Meanwhile Stark published her own pictures of the Fleet Street photographers who dog her every step and in an accompanying article pleaded for "freedom from the press." Stark, 27, wrote the article for a Times magazine. The author of 1 receive ranges from the frightening to the pages from the Caribbean vacation with the 22-year-old prince last October created a sensation, said that in recent weeks she had made a hobby of taking pictures of the "photographers who have been hounding me."

The Spanish-born crooner James Iglesias, whose love ballads have plucked heartstrings around the world, will be honored by the Guinness World Records on Sept. 26 for selling the most records in the most languages. Iglesias, who has sold more than 100 million albums in English, Spanish, French, Italian, German and Japanese, will be presented with the book's first Diamond Disc at a ceremony in Paris, Guinness editor Norris McWhirter said. Iglesias, who finished a short sell-out tour of the United States last spring, now is working on his first American album, to be released by CBS Records this fall, McWhirter said.

President Ronald Reagan said he has suffered a further loss of hearing in his right ear, which was damaged years ago during the filming of a Hollywood movie. Reagan, in Los Angeles for six days during his California vacation, had a regular 45-minute checkup by an ear, nose and throat specialist there. White House press aide Robin Gray said Reagan suffered hearing loss when a gun discharged next to his ear during a filming of a movie during the president's acting days.

The actress **Maureen O'Sullivan**, the widow of the director and producer **John Villiers Farrow**, who died 20 years ago, has married the businessman **James E. Cushing** in Albany, New York. The 72-year-old actress most recently appeared on Broadway in "Mornings at Seven."

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